SENATE—*Wednesday, January 30, 1980*

(Legislative day of Thursday, January 3, 1980)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by Hon. WENDELL H. FORD, a Senator from the State of Kentucky.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

"Lord, as we go to our work this day, help us to take pleasure therein. Show us clearly what our duty is, help us to be faithful in doing it. May all we do be well done, fit for Thine eye to see. Give us enthusiasm to attempt things, patience to perform. When we cannot love our work, may we think of it as Thy task, and make what is unlovely beautiful through loving service, for Thy name's sake." Amen.

—George Dawson, 1821–76.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., January 30, 1980.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WENDELL H. FORD, a Senator from the State of Kentucky, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. FORD thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized for not to exceed 2 minutes.

CANADA AND OTHER FRIENDS

Mr. ROBERT C. BYRD. Mr. President, all Americans are grateful this morning for the news that six American Embassy personnel who fled the U.S. Embassy in Tehran when it was seized nearly 3 months ago have escaped from Iran with the assistance of the Canadian Government. In giving refuge to these Americans, the Canadians risked their own lives; to get these Americans out of the country, the Canadians had to close their own Embassy. The Canadian Government has set a magnificent example of courage and sacrifice and humanity. Canadians can be very proud. Americans are very grateful.

Canada has shown once again the validity of the adage that when the chips are down, one learns who his true friends are. Canadians, our English and French speaking neighbors to the North, have demonstrated in this difficult situation that they are friends indeed.

Other nations have shown that they too are friends in these troubled times. The British Embassy gave refuge to Americans fleeing the burning Embassy in Islamabad, Pakistan, several weeks ago. And through the last few months, Mrs. Thatcher's government has demonstrated that it is one of our staunchest supporters. European governments—especially the West German Government—and others around the world such as the Australian Government have sought to show that they support efforts to win the release of the hostages in Tehran and that they oppose Soviet aggression in Afghanistan.

Japan is one of our most important Pacific allies and trading partners. Initially, the Japanese seemed slow to respond to the crisis in Iran and I criticized the activities of Japanese banks that seemed to undercut U.S. efforts at applying economic pressures on Iran. But Japanese official policy has emerged in strong support of the kind of efforts that the United States is seeking to mobilize against Iran and Soviet aggression.

Prime Minister Ohira has made a strong, clear policy statement in a speech delivered to the Japanese Parliament on January 25, 1980. In this speech, Prime Minister Ohira reaffirms Japanese-American cooperation. He condemns the Soviet intervention in Afghanistan and the seizure of the American hostages in Tehran. And he commits his government to study and implement measures in response to these acts, "even if they may involve sacrifices" on Japan's part.

We need and welcome Japan's help just as we need and welcome the help of Canada and others of our friends. The interests of us all are at stake—preservation of a civilized international system and resistance to aggression. There is growing evidence that in these troubled times, the United States does not stand alone.

Mr. President, I ask unanimous consent that key passages on Iran and Afghanistan excerpted from the policy speech of January 25, 1980, before the Diet by Prime Minister Ohira be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

KEY PASSAGES ON IRAN AND AFGHANISTAN

The fundamental aim of our foreign policy is to strengthen the solidarity with the countries of the free world, and on the basis of such solidarity, to expand the rings of friendship and cooperation throughout the world. The unfaltering relation of mutual confidence between Japan and the U.S. based upon the Japan-U.S. security arrangements is, needless to say, the cornerstone of our foreign policy. In order to solidify this cornerstone even further the government of Japan intends to continue its sustained efforts for the enhancement of the Japan-U.S. cooperation in the political, economic and cultural fields. At the same time, the government of Japan intends to strengthen the cooperative relations with other countries of the free world including those of Western Europe.

I believe that everyone on this globe eagerly desires peace. The fact, however, that certain countries still attempt to impose their positions on others by resorting to the use of force and thus threaten the peace and stability of the world, is truly deplorable.

The military intervention into Afghanistan by the Soviet Union cannot be justified on any account. The internal affairs of Afghanistan must be left in the hands of Afghanistan itself. Japan urges the immediate withdrawal of the Soviet forces and strongly supports the resolution adopted for this end at the emergency special session of the U.N. General Assembly.

The government of Japan will continue to make efforts befitting our country in order to contribute to the resolution of this serious situation on the basis of our solidarity with the United States and in cooperation with other friendly countries in Europe and in other parts of the world. Japan has demonstrated its stand on the issue through the activities in the U.N. and in the area of exchange of personnel with the Soviet Union. We shall continue to study and implement, as the situation develops, appropriate measures including the tightening of the export control in Cocom, taking into consideration the public opinions both at home and abroad. I believe that we must not shun these measures even if they may involve sacrifices on our part.

I also wish to make it clear that Japan has no intention to engage itself in any activities which may undermine the measures taken by other friendly countries or to lessen their effects.

For the purpose of maintaining the stability of neighboring countries in the area, particularly Pakistan, we would like to give positive consideration, in cooperation with the U.S. and western European countries, to the requests from those countries for cooperation in the economic field.

The seizure of the U.S. Embassy in Tehran is an unlawful act that threatens the basic order of the international community, and the taking of the hostages is unacceptable also from the humanitarian viewpoint. I strongly hope that the hostages are released without loss of time and that the situation is resolved in a peaceful manner. To this end, Japan will continue to support actively the international efforts including that of the U.N. Also, as the situation requires, Japan will act appropriately, in cooperation with the United States as well as European and other countries regarding ways to achieve an early release of the hostages.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the minority leader is recognized for not to exceed 2 minutes.

Mr. STEVENS. Mr. President, I yield the time that was allotted to me to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the Senator and appreciate very much his yielding to me.

GENOCIDE IS NO DOMESTIC MATTER

Mr. PROXMIRE. Mr. President, some opponents of the Genocide Convention charge that genocide is not a proper subject for treatymaking. I take this opportunity to dispose of this groundless objection once and for all.

The allegation is that genocide is not an international matter because treatment by a state of its nationals is only of domestic concern. This suggests that any international action in response to genocide would violate the sovereignty of a state committing the crime within its borders. This objection to the Genocide Convention falls short of the truth in three ways.

First, if members of the international community decide the very depravity of genocide is serious enough to cross borders, then genocide stops being simply a domestic matter. International law defines what is an international crime. And international consensus is the creative force behind international law. That consensus most certainly exists today—83 nations have ratified the Genocide Convention—including most of our NATO allies. And that consensus makes legitimate the placing of international sanctions on the perpetrators of the most heinous crime: Genocide.

Second, putting aside the sheer baseness of genocide, the crime warrants international status because it threatens the stability of the international order. As an enemy of peace both within and without a country, genocide raises justifiable concern among countries both next door and far away.

Third, genocide, by definition, transcends state boundaries. The crime is defined as an act committed with intent to destroy, in whole or in part, a national, ethnical, racial, or religious group, as such. Throughout the course of history, racial groups and religious faiths have migrated across continents, traversed oceans, and split into subgroups. Much of this process has ignored national boundaries, leaving many races represented all over the world. Therefore a crime against a race in one country will be resented by members of that race everywhere, and construed as an international crime.

The importance of international outrage, the desire for peace, and the dispersion of those of common heritage combine to refute the charge that genocide is a domestic matter. I urge my colleagues in the Senate to ratify the Genocide Convention.

I thank my good friend from Alaska once again for graciously yielding me his time.

RECOGNITION OF SENATOR DOLE

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Kansas (Mr. DOLE) is recognized for not to exceed 15 minutes.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business without prejudice to the orders; and that Senators may speak therein; and that the period not extend beyond 10 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the leader very much.

OUR PETROLEUM SUPPLY LINES

Mr. STENNIS. Mr. President, whatever else we may have to do to meet the developments of Afghanistan, we are faced with a fast-developing hazard to our petroleum supply lines in the Persian Gulf-Indian Ocean area. The Russian invasion, which is certainly leading to a conquest of Afghanistan, is clearly carried forward by Russia for the serious purpose of making highly gainful advances there for themselves. While they may have some immediate interests in securing Afghanistan, their most threatening goal is gaining absolute control of the petroleum resources of that area and the oil lines leading out of the area. This would give them the power to cut off and terminate as they see fit the shipping routes that supply us and much of the remainder of the free world with oil that is at present indispensable to our economy and the economies of Western Europe, Japan, and other allies.

Having and controlling an all-weather warm water port and thus having for the first time a year-round access to the ocean lanes of the world would greatly further these Russian goals. This would be a far-reaching development of the gravest kind, and there is no time for us to lose in improving our position to counter that possibility.

Fortunately, there is time for us to react and protect ourselves. The President should move vigorously to acquire facilities in this part of the world. We should not delay now to fully negotiate with all others interested in joining a plan for facilities in this area. Facilities should be acquired now and designed for operating on a joint basis with others for the benefit of all so that we can unite our efforts with Western European and Pacific powers and with regional friends who want to join us in these efforts which benefit them as well.

Like it or not, we must do what is necessary to protect ourselves and our interests in the area. This includes, as I see it, the overwhelming necessity of establishing forthwith facilities in that area to be used as naval ports and airfields to serve the necessary seapower, as well as other necessary military power which could include land based air power, troops, and supplies.

We are some 10,000 miles from the oil reserve area. The facilities in the Indian Ocean at Diego Garcia are absolutely essential, will soon be improved and are available to us. But Diego Garcia is over 2,000 miles away from the crucial area of the Persian Sea. Alone, it is inadequate to serve all of our demanding needs. Military supplies of virtually all kinds, even including food, will not be available but will have to be supplied from America. Airfields are needed to permit operations close to this indispensable area.

President Carter has carefully and actually drawn the line in his speech and says that we will protect this Persian Sea area as a source of our essential energy supply. This calls for prompt action to back up our position. Furthermore, to select the sites, which is an executive function, and proceed promptly to build facilities, will show most convincingly that we are preparing to act on this policy. This is by far the best proof that we really intend to establish and back this policy without fail. Short of such action will, of course, create doubt as to our purposes.

The first tangible result of our action on military facilities will be a deterring effect on Russia. They will know, we will know, and our friends will know the United States can get there in time and with enough to protect its interests. The second will be a protection for the source of oil supply for us and the remainder of the free world. A semi-permanent U.S. position in that "oil area" will buy the necessary time to solve our own problems of creating an independence of supply sources for the essential petroleum needs of our own vast economy.

We are confronted with many added demands in our military program. I have never advocated the reckless expenditures of funds for military purposes. We cannot shore up the entire world, nor can we meet every demand. But the need and demand for facilities that demonstrate U.S. commitment, interest, and capability is for our own direct protection. In view of these situations, I trust that President Carter will proceed with all due speed in meeting this essential need.

Let me add, Mr. President, this is no quick thought with me. This is a deliberate conclusion of what I think is of major importance, that it is indispensable. It by all means holds a great possibility of benefit to our side, so to speak, through the deterrent effect that it is

bound to have on the Soviets. It closes the door totally to any doubt they may have to as whether or not we are going to proceed with actual quick preparation of purpose in this area.

I thank the leadership, each side, very much for arranging for me to have this time at this point.

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. STEVENS. Mr. President, is there time left for morning business?

The ACTING PRESIDENT pro tempore. There is time.

AMERICAN PERSONNEL IN IRAN

Mr. STEVENS. Mr. President, over a month ago at meetings arranged by the majority leader, representatives of the administration conveyed information concerning the American personnel in Iran which was of a highly sensitive nature.

I do not wish to confirm or deny the total information that appears in the press this morning concerning those six Americans who are now back from Iran, but I just want to point out that there were four Senators who were involved in and had knowledge of the situation concerning those Americans, the majority leader, the chairman of the Committee on Foreign Relations, the ranking Republican on the Committee on Foreign Relations, and myself as acting minority leader.

I point this out in order to demonstrate for the record that the Senate as an institution is capable of respecting highly classified and sensitive information.

I hope Members of the Senate and members of the executive branch who deal with this type of information will realize as a result of this specific incident, and there are others, that the Senate is highly conscious of the need to maintain and respect the necessity to classify information in the age in which we are living today.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that the time for Senator DOLE commence after Senator WALLOP has made his comments under the order, if the majority leader has no objection.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I have no objection. I would simply suggest that Senators who have orders may have them in such sequence—that the sequence as set forth yesterday not necessarily mean that they may not be recognized at any time—that Mr. WARNER may go now or Mr. DOLE may go now and other Senators may proceed, but I hope Senators will be here and ready to be recognized under the orders so as not to delay the Senate.

The ACTING PRESIDENT pro tempore. Does the Senator from Alaska withdraw his request?

Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

RECOGNITION OF SENATOR WALLOP

The ACTING PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. WALLOP. Mr. President, I thank the Chair and I thank the majority leader for confusing me with the distinguished fully haired Senator from Virginia. Both of us have one thing in common: we both have beautiful wives. Mine is less famous. But he, for sure, has more on top of his head than I have, although both may have the same inside.

Mr. ROBERT C. BYRD. May I say both have a good sense of humor also.

Mr. WALLOP. I thank the distinguished majority leader.

THE PHASEOUT PROVISION OF THE WINDFALL PROFIT TAX

Mr. WALLOP. Mr. President, we asked for time this morning to talk a little bit about the conference on windfall profits.

There are some rather wild statements being flung about in the press by various members of the administration and various parties to and various parties outside of the conference. One of the problems that exists is something that the Senate had as part of its agreement when it passed the windfall profit tax. It is an agreement that was hammered out, as everyone well remembers, with a good deal of give-and-take on the part of everybody, and which has reference to the so-called phaseout provision.

The Senate, by a rather handsome margin, decided that it was in favor of a phaseout and it settled on a figure that is virtually the same as the compromise figure that the two Houses have now reached as a trigger point at which time the tax would begin to phase out. It was the position of the Senate that this was not a windfall or a windfall could not be construed as something that would exist interminably without review. The Senate concluded that it is an impossibility, in fact a contradiction in terms, that a circumstance called windfall would exist ad infinitum, and we agreed that we would have a phaseout provision.

The House had taken a position that this should be a permanent tax, and they have now been offered what would appear to be a very fair compromise to their position. The Senate's position is that we want to phase the tax out once the revenue requirements have been reached. Senator DOLE should be commended for the cooperative approach he has taken in the conference.

The compromise offered by the Senator from Kansas (Mr. DOLE) is that the tax on the incentive categories of oil, newly discovered, tertiary, and heavy oil, would be phased out once the revenue target of $227 billion is reached. The remaining categories of oil would remain under the windfall profits tax until the end of 1991, when the tax itself would begin to phase out. Senator DOLE is interested in producing more domestic energy.

The House conferees seemed to be more interested in the production arguments surrounding newly discovered, heavy, and tertiary oil when they were trying to extract part of the tax money from the independent producers. We all heard stories of how the House wanted to tax independent producers so that they could lower the tax rate on the incentive categories of oil. The phaseout compromise offered by Senator DOLE promises an era when full incentives can be given to newly discovered, heavy, and tertiary oil. But suddenly the House conferees are no longer interested in the production arguments associated with these categories. They want a tax on all categories of oil extending to 1991, and then to stop. And of all of the preposterous arguments in the world is to create a cliff where everything stops. If you want a real disincentive to production, that has got to be it.

The conferees have maintained single-minded attention to revenues, not energy. With the tax mechanism in place, the House conferees seem reluctant to allow any kind of meaningful phaseout of the tax at all.

A sad but true testimony to how this legislation has departed from the energy bill we sought last year is provided in the final revenue target reached by the conferees. There was nearly $100 billion difference in the revenue projections in the House and Senate bills. The Senate had exempted independent producers and tried to maintain as low a tax as possible on newly discovered oil, tertiary oil and heavy oil. Suddenly, out of the blue, the House insisted on splitting the difference between the two bills. The conferees were faced with raising a tax of $227 billion, regardless of how the added tax burden would affect domestic energy production.

Mr. President, splitting the difference between one onerous tax and another does not make a rational energy policy. Forcing the independents to pay an additional $23 billion in tax liability over the next decade does not help this Nation find more oil. I will admit that I am pleased that the conferees chose to lessen the tax burden for the independent producers, but by taxing the independents we still tie them to same burdensome system of base prices and regulations that we were trying to avoid through decontrol.

Mr. President, we have not ended decontrol, we have enmeshed the problems of price controls into the tax system. We have not taken a step toward lessening our dependence on OPEC. This tax will only continue the circumstance that makes it more profitable to produce, refine and broker oil than it is to address our domestic energy problems.

Mr. President, there are still some unresolved questions facing the windfall conference committee which I hope will be addressed with true concern for equity and fairness. The conferees have yet to decide how they will treat severance taxes imposed by State governments on oil. The House conferees have indicated that they want severance tax increases to be nondeductable from the windfall tax, while the Senate maintains that future severance tax increases, if they are applied on the entire barrel of oil, should be deductible.

Mr. President, the Senate provision provides adequate guarantees that a State government will not be able to raise its severance tax at the sole expense of the U.S. Treasury. If a severance tax increase is applied across the board, on the full value of the barrel of oil, deductibility will not cause State legislatures to rush headlong into a severance tax increase binge. In my State of Wyoming, legislators are debating whether they wish to increase severance taxes. The same process is going on in New Mexico, Michigan, and other oil producing States. These men realize how any tax increase can damage the energy producing industries in their State, and they make changes in their estate taxes only with the greatest caution.

There are many Senators who feel comfortable with their States severance tax. I believe Texas has a 12.5 percent severance tax on oil, and the severance tax in Louisiana and Alaska is even higher. Is it fair to tell other States that they cannot increase their severance taxes, even when doubling their tax rates would leave them with severance taxes less than Alaska's or Louisiana's? I submit that the Federal Government should not get into the business of disrupting the State's traditional power to tax the mineral extraction activities within its boundaries .

Mr. LONG. Will the Senator yield at that point?

Mr. WALLOP. I am happy to yield to the distinguished chairman.

Mr. LONG. Mr. President, the windfall profit tax in many respects does resemble a severance tax. I agree with the Senator that it is very inappropriate for the Federal Government to try to tell the States that they cannot pass a severance tax. I find it rather amusing that the Federal Government for 200 years never sought to raise any revenue in this fashion. The States have been at it—in Louisiana, we have been at it for 70 years.

Now, at long last, the Federal Government decides to get into this type of taxation. What is the first thing they want to do? Muscle the States out of there.

The States were not telling the Federal Government that the Federal Government cannot tax. The States are willing to share revenues with the Federal Government, as they do in other taxes, sales taxes, income taxes, inheritance taxes, and whatever.

But for the Federal Government, at this late date, to decide that it wants to have a tax of this sort and then proceed to tell the States that they cannot have one, in my judgment, is not only ridiculous, it is outrageous.

Mr. WALLOP. Mr. President, it is and has all the traits of the caricature that sometimes one sees in the newspapers of Uncle Sam as a real money grubber.

Mr. LONG. Yes.

Mr. WALLOP. And it is a lack of equity in conscience and a lack of justice that propels them into this. I think it is unbecoming of the Federal Government to get into that position, and I hope that they would see fit to back off. Because there is money enough, as the chairman well knows—and the leadership he has provided in this thing has been exemplary, as far as this Senator is concerned—but there is money enough. After all, the President still has only identified $142 billion worth of need out of the $227 billion they want to raise. And I doubt seriously if any State is going to go on a severance tax binge. But they are going to have to do something to produce energy and that creates impact which creates requirements on their tax bases.

Mr. LONG. Mr. President, I hope the Senator has no objection to the type of thing the Senate Finance Committee is doing.

Mr. WALLOP. No. If the States want to tax, they have to tax across the board. That is exactly right. What we did was design a way so the States could not be as inequitable in their approach as the Federal Government seeks to be in its approach.

Mr. LONG. I thank the Senator.

Mr. WALLOP. I thank the chairman very much.

There is one other tax that has yet to be addressed by the conferees, and that is the status of the Indian tribal lands. The House had no provision on Indian lands, but the Senate chose to follow a long line of tax precedents and exempt Indian tribal lands from the windfall tax. The conference has decided justly to exempt State-owned lands and certain charities. Any Federal taxation on Indian trust resources would be an intrusion into the relationship between the Federal Government and its Indian wards. Taxation would be contrary to congressionally established and judicially enforced Indian policy, antithetic to Federal programs of tribal self-determination and economic development and would discriminate against federally sanctioned Indian tribal governments. Mr. President, I hope sincerely that the windfall conferees will recognize the long standing tax exempt status of Indian tribes and see that they are exempt from the windfall profit tax.

Mr. President, I see that the Senator from New Mexico (Mr. SCHMITT) is here, and I also see that the ranking member of the Finance Committee is here for their participation in this debate.

I only hope that the rest of the windfall conferees would not get down into the sole aspect of revenue-raising bill and would keep one eye on America's energy security future.

I yield the floor.

Mr. SCHMITT addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico is not recognized under an order.

The order is for the Senator from Kansas (Mr. DOLE).

Mr. SCHMITT. Mr. President, I ask unanimous consent that the Senator from New Mexico be recognized until the Senator from Kansas is in the Chamber.

Mr. ROBERT C. BYRD. Mr. President, I object. I am sorry to have to object, but we have orders for the recognition of four Senators. If they want to yield their time, fine. I would have been glad to have gotten an order for the distinguished Senator from New Mexico.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Kansas (Mr. DOLE) is recognized for not to exceed 15 minutes.

Mr. DOLE. Mr. President, last Friday 39 Republican Senators sent me a letter urging that the windfall profit tax conferees hold firm against a combined administration-House assault on the termination mechanism in the Senate bill. These Senators, along with several Democrat Senators, have indicated that the triggered phaseout is the "single most important provision in the bill." They further stated that they would find it difficult to support the conference report if it did not contain a triggered phaseout.

The Senate bill, as all in this Chamber realize, provides that when 90 percent of the estimated revenue of the bill is raised, the tax begins to phase out at the rate of 3 percent per month. By contrast, the House tax is permanent, except for the provisions applying to new and tertiary oil.

This attempt to bolster the Senate position was criticized by the distinguished Senate majority leader as well as by the White House. Apparently the Senators that signed the letter realize something that has not gotten through to the White House. There is no ground swell of support for this tax on the part of Americans around the country.

Those citizens to whom the Senator from Kansas has spoken understand that the so-called windfall profit tax is nothing more than another tax on consumers.

I might say that the Senator from Kansas addressed a number of people who are not in the oil business at all. The American consumers are convinced, and probably correctly so, that whatever tax we impose on the oil industry will sooner or later be passed on to them in the form of higher prices or in some other

way that the American taxpayers, the American consumers, will pay the tax which President Carter and other administration leaders keep indicating is a windfall profit tax affecting only the oil industry. Let us not try to kid the American consumer.

It is preposterous to believe that this massive tax will only affect the oil industry. Every business in this country considers taxes—by all levels of government—merely as costs of doing business that are passed along to consumers. Once this is realized it becomes clear that rather than "recapturing profits" the Carter tax will only add to the costs of petroleum-based products in this country.

Mr. President, this question of who will pay for the windfall profit tax is an interesting one that deserves further illumination. From the beginning this administration has told the Congress and the American people that the tax would not be passed on to consumers. Rather, it would be paid out of corporate profits. Those of us with some sense of economics questioned this assumption that a basic law of business was being repealed. Surely, we said, the oil companies will merely add this tax on to the price of their products. No, the administration responded, the price of petroleum products is dictated by OPEC not the domestic industry. The tax could not be "passed on" because the domestic industry does not have the market power to set prices.

In opposition to the Senate passed triggered phaseout, however, this same administration chooses to argue the contrary, the triggered phaseout is bad, we are told, because the domestic oil industry will raise its prices to more quickly phaseout the tax.

Mr. President, how can the industry raise prices to more quickly phaseout the tax if they lack the market power to raise prices?

I think that is the question we are now addressing in the conference.

On the other hand, if the industry has this market power to raise prices, why will this tax not be passed on to consumers. The administration cannot have it both ways.

I find the administration cozying up to big oil, which seems to be contrary to the public statements expressed by President Carter and others. We find it showing up time after time in the conference, the administration supporting the efforts and the appetite of so-called big oil in America.

This Senator believes that the tax will be passed on to consumers. I support the triggered phaseout precisely because the tax will be passed on to consumers. The only thing worse than a $227.3 billion tax on American consumers is a permanent tax on these same consumers.

There is no support for another tax in this country. We can call it a windfall tax or a value-added tax or any other new idea, but the American consumers have had just about all the taxes they can stand. To indicate in one breath we are going to tax the industry and not the consumer is pretty hard for the consumer to understand because they are very sophisticated.

Mr. WALLOP. Will the Senator yield for a question?

Mr. DOLE. Yes.

Mr. WALLOP. Has anybody ever tried to explain to the Senator or to the conferences to justify arriving at a figure of $227 billion and then saying it is a permanent tax and has no consequences?

Mr. DOLE. No. In fact, it occurred to the Senator from Kansas it may not even be in conference. We argued for weeks on this floor over $1 billion or $2 billion. In the second meeting of the conference, the majority gave away $50 billion. This action increased taxes $50 billion on American consumers, over my objection and the objection of a few others.

Mr. WALLOP. But having settled on that, what significance does it have if it does not phaseout?

Mr. DOLE. It does not have any.

Mr. WALLOP. It has none. It is a fraud to even say that that is what the tax is.

Mr. DOLE. Now we are talking about $300 or $350 billion and then maybe phasing it out. As far as this Senator is concerned what the Senator from Wyoming suggested was the best possible way to start the phaseout. I understand they will not buy that, however.

Now they are talking about no phaseout, a permanent tax. The Senator is absolutely correct, it makes no sense at all.

Mr. WALLOP. It is typical of the inconsistency and the sort of manipulation of facts to deal with their own preconceived ideas which has characterized this debate since we first got into it. Those of us who were trying to make it an energy debate and who sought to have production responses, to do something responsibly, have obviously failed in that, or even to persuade the members of the press or anybody else.

Mr. DOLE. I think from the start we have had the media focusing on the dollars. Who cares about energy, just tax the oil companies. That makes good headlines. Most of the newspapers that the American people read, and on the TV, say that it is great, that the price of gasoline is too high. But the higher the tax, the higher that price will be.

I think one of the White House attacks on the phaseout deserves mention.

Mr. President, when the so-called windfall profit tax was reported out of the Finance Committee it would have raised $138 billion in 11 years. At this level, the tax was bad energy policy and an unreasonable burden on American consumers. After 6 weeks on the Senate floor the tax grew to $178 billion. At this rate it would extract about $800 from every American over the period and force the abandonment of thousands of barrels of domestic oil. The Senate bill did, however, have the triggered phaseout provision which assured that the tax would slowly die as the revenue target was met.

In the first 2 days of conference the amount of the tax was raised to $227.3 billion, over the objection of this Senator. This is a staggeringly large figure—almost $90 billion more than the amount agreed to by the Finance Committee.

Now the House is balking at the Senate provision that would phase the tax out when this enormous amount of revenue is collected. The House and the administration believe that this tax should be saddled on our consumers for at least 11 years, no matter how much money is raised. Mr. President, at this point we must draw the line. The damage to the domestic energy industry and the burden on American consumers is already too large. We must insist that this tax phaseout when the projected revenues have been raised.

One other part of the White House attack on the phaseout deserves mention. A Presidential spokesman suggested that it is ironic that Republican Senators would urge that the triggered phaseout be retained at the same time that the major oil companies reported historic annual profits. The true irony in these events is that the administration would even mention the large profits of big oil. It is, after all, the administration and the House that tied up the windfall conference for days while they argued that big oil should pay less of the tax and that small independent producers should pay more taxes. After such activity it can not now tar us with the big oil brush. It is the administration that has espoused the cause of the major oil companies in this conference, not the Republican Senators.

We spent 4 or 5 days arguing about making the little independent companies pay more than the major oil companies. It is hard to understand the administration's tactics.

I say to my colleagues that I am not so certain that there will be a windfall tax this year unless there is some reality, some realistic approach, because I believe the conferees for the most part do not represent oil-producing States. They do not fully understand the difficulty we had in the Senate to pass what is now in conference. They want more taxes and more taxes and more taxes. The Senator from Kansas has tried to make this point, and I am hopeful that those who have an interest in seeing something done will read the RECORD and read that there is opposition to what is being done in the conference.

I yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I understand the Senator from Wyoming has some time left. How much time does the Senator have remaining?

The PRESIDING OFFICER (Mr. PRYOR). The Senator has 3 minutes remaining.

Mr. STEVENS. And the Senator from Kansas has some time remaining?

The PRESIDING OFFICER. The Senator from Kansas has 7 minutes remaining.

Mr. STEVENS. I ask that the time of the Senator from Wyoming be added to the time of the Senator from Kansas.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. I would like to yield half of my time to the distinguished Senator from Texas, if there is no objection, and then the other half of that time to Senator DOMENICI.

Mr. DOMENICI. I just need 2 minutes, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. The Senator from Kansas is prepared to yield the floor. I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, I thank the distinguished Senator from Kansas.

I have vigorously opposed this ill-conceived and misnamed oil windfall profit tax from its inception, Mr. President, and I shall vote against final approval of the conference report on this incredible destructive tax.

I frankly still find it almost impossible to believe that Congress, and the Senate in particular, would permit itself to be stampeded into passage of a tax bill so lacking in economic justification and so destructive of our national interest in energy security.

It is a demonstrable fact that oil company profits cannot fairly be considered excessive by any reasonable standard of measurement, and oil decontrol is not likely to alter that basic fact. For evidence of that, the Senate need look no farther than the Department of Energy, where Government financial analysts have reached that conclusion time after time in recent years.

In November of last year—after I threatened to sue the agency—the Department of Energy finally made available to me an unpublished analysis of oil company profitability and future capital requirements which, among other things, summarizes key financial data for approximately 40 major oil companies for the 12-year period from 1967 to 1978.

That internal DOE study found that oil company profitability, measured as rate of return on investment, is about the same as that for some 1,500 nonoil manufacturing companies. For the years 1976 through 1978, in fact, the oil company rate of return progressively lessened compared with the nonoil group.

The DOE study also found that for 3 out of the last 4 years studied, oil company profits have increased at less than the rate of inflation. The 1978 rate of profit increases was less than one-half the inflation rate.

According to the DOE study, oil company profit and cash flow increases over the past several years have essentially paralleled increases to capital and exploratory expenditures. For instance, oil company capital and exploratory expenditures in 1978 increased at a rate nearly 1 percent above the inflation rate and 2.4 times as much as profits increased.

Mr. President, this DOE study does not stand alone in its conclusion that oil companies are generally no more profitable than other companies. The evidence of that fact is overwhelming.

In view of that widely known fact and in view of the fact that the health and vitality of the oil industry is crucial to our energy future, I still find it difficult to understand how Congress can possibly justify serious consideration, let alone approval, of this counterproductive single-industry tax.

The truth, of course, Mr. President, is that the drive to enact this tax is fueled by nothing more than short-term political considerations and a desire to increase Government spending and further expand the scope of Government domination of private industry. It is just that simple, Mr. President, and we ought to acknowledge it openly.

It seems at this time inevitable that this pernicious, production-inhibiting oil tax will soon become law, and that there will be dancing in the streets of the OPEC capital cities on the day of its signing.

If enactment of this tax now seems unavoidable, that makes it all the more critical that the tax be phased out completely when the tax has produced the revenues it is targeted to produce. A phaseout based on achievement of a specified revenue goal will allow the Government to make plans on the basis of assured tax receipts while also giving oil producers and investors some reasonable expectation that the tax eventually be phased out.

If there is ever to be any prospect of the United States breaking its dangerous dependence on foreign energy, it is critical that this oil tax be phased out at the earliest possible date.

I urge my Senate colleagues on the conference committee to maintain the position of the Senate on this issue. If we are to have this destructive tax on oil, then, at the very least, it must be phased out when it has raised the targeted revenues.

Mr. President, I think that this is the most squalidly political act indulged in by Congress in the 19 years that I have been privileged to serve in the Senate.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Has the Senator from Kansas yielded time to the Senator from New Mexico?

The PRESIDING OFFICER. He has.

Mr. DOMENICI. How much time did he yield?

The PRESIDING OFFICER. He yielded 10 minutes.

Mr. DOMENICI. I yield myself 3 minutes of that 10 minutes.

Mr. President, I come to the floor today to lend my support to the Senate conferees, urging that they insist on the Senate position with reference to the phaseout of the windfall profits tax.

A number of times in the past, even since the oil embargo, various people in Government and various legislators have proposed that we put a tax on gasoline in this country and the hue and cry from the American people and from fellow legislators has been incredible: How can we add a tax burden to the American consumer on a product like gasoline? We cannot even add a penny to the trust fund to maintain the highways we have built with the trust fund without everybody talking about what a disgrace it is to tax this product that is already so expensive.

I think we who are here talking about this phaseout are here because the American consumers, who are going to be buying the products of crude oil, petroleum and others, are going to be paying an enormous tax and they do not even understand that they are and we are here talking as if it were not going to fall on the American consumers.

Well, a 30-percent windfall tax—and it is not a windfall, it is 30 percent of the price of a barrel of new oil, tertiary oil, and heavy oil, the cost of which we do not even know—is going eventually, pure and simple, to add 30 percent to the cost of gasoline by way of taxes to our Federal Government and the American people are the victims of a hoax. They do not even know that 4, 5, or 6 years out, when the actual cost of producing this new oil, heavy oil, tertiary oil—and, I repeat, we do not even know what that cost is—is purely and simply a 30-percent excise tax, just as if we were putting a tax on a gallon of gasoline. In fact, it is far more than the 1, 2, 3, or 4 cents a gallon that we do not even want to consider because of its tremendous impact on the American consumers, including those who are poor and live in areas where they have to travel a long way.

How many times have we heard that here, in the Senate, from those who are concerned about the high price of gasoline and petroleum products? Those who think that 30-percent excise tax on these kinds of expensive future energy sources that will produce gasoline, those who assume that is not going to be a tax on the shoulders of the American automobile driver, truck driver, those who use any kind of petroleum product, are just absolutely failing to tell the American people the truth.

Can you imagine, if we converted that 30 percent into a new per-gallon tax on gasoline, to come in 7 years from now, can you imagine the hue and cry in America? No, but they are saying it is not a tax on the people. How can we do anything other than adopt the Senate position that, at some time in our history, in the predictable future, when we had taken out of this marketplace over $200 billion in taxes, when most of the new oil will be new, heavy and tertiary, expensive, the cost of which we do not even know—how can we not take it off the shoulders of the American people?

I repeat, the American people—not the energy companies. By that point in time, the old oil arguments of excess profits because the cartel has raised the price an inordinate amount are all gone. The 30 percent, if carried on in perpetuity, as contemplated by some of the conferees, will be purely and simply a huge tax on gasoline and cause us not to produce the energy we need to produce. It seems absolutely incredible to me that the Senate is not filled with Senators

who are concerned about placing an enormous new tax on the American people, who have to use their automobiles, who have to use this kind of fuel to heat their homes, trucks that have to travel with it. And we are all saying it is just a tax on the big oil companies—purely and utterly impossible, untrue, and a fantastic hoax on the American people.

Mr. SCHMITT. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield whatever time I have to my colleague from New Mexico.

Mr. SCHMITT. Mr. President, my distinguished senior colleague is entirely correct. This is a hoax. It is a tax to be paid by the consumer.

I am also of a persuasion that I hope the administration and the majority persist in their efforts to do all the wrong things because then I think we can kill this bill on the floor of the Senate. I would like to have that opportunity. If they do persist without a phaseout, if they persist in this, bringing under the umbrella of taxation not only the independent oil and gas industry, the domestic oil and gas industry, but the American consumer, to the extent described by the Senator from New Mexico, then I think we will kill this bill here, and they better realize that.

This is one of the final nails in our coffin, a coffin which has been progressively nailed shut since 1954 when the U.S. Supreme Court imposed price controls on domestic natural gas, which held that price below the cost of finding new gas.

Mr. DOMENICI. If the Senator will yield, when he said "the final nail in our coffin," he is not speaking as the Senator representing only New Mexico, and he means the American people, the economy?

Mr. SCHMITT. There is absolutely no question that I mean the American people and the American economy.

It is not a New Mexico issue, a Wyoming issue, a Kansas issue, a Colorado issue, or a Louisiana issue. It is an issue that is destroying this country, a country with the strongest economy in the world, because it has been a free enterprise system up until recently.

But in 1954, we almost unconsciously decided that we would begin to manage the energy economy—we, being the Federal Government—and we do not know how to manage that economy any more than we know how to manage any other part of the economy.

But in 1954, with the artificial pricing of natural gas, we began that long process of encouraging domestic consumption, discouraging efforts to find new gas supplies, and forced U.S. oil investments to move abroad to compete in the energy market.

The result. In 1954 there were 20,000 independent explorers and producers in the petroleum industry. Traditionally, these independents have found over 80 percent of new domestic oil and gas. Today, there are only 12,000 such independents, and their number is dwindling daily.

In 1966 the Federal Government suspended the leasing of Federal lands for oil and gas exploration and production. This action was the beginning of a systematic Federal policy of restricting or denying access to potential domestic energy supplies under federally managed lands. In spite of our peril, this policy continues in effect today not only with respect to oil and gas, but also for coal, uranium, and geothermal energy, and this administration talks about alternative forms as a substitute for oil and gas.

The result. Instead of being self-sufficient in energy, we import nearly 50 percent of our oil requirements at prices 2 to 3 times what they would be if produced domestically; we import an increasing amount of natural gas at prices 3 to 4 times domestic costs; we cannot convert from imported oil to abundant domestic coal for the production of electricity because not enough coal can be mined; there has not been a new mine opened in New Mexico since 1968, and the administration calls for conversion to coal; and we face the prospect of being dependent on imports of uranium to fuel as much as 25 percent of our nuclear power production at the end of the century.

Where is our commonsense in that kind of policy?

In 1968 for the first time, domestic consumption of crude oil exceeded domestic production; an event that only geologists seem to notice and weep about.

In 1970 passage of the National Environmental Policy Act whose national interest perspective began a decade of activities that prevented even rational domestic energy development.

The result. The act and its regulations and court interpretations still serve to obstruct offshore and onshore drilling, refinery and powerplant siting, pipeline construction, coal mining and coal conversion, and many other activities necessary to energy independence and national survival.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Colorado (Mr. ARMSTRONG) does have 15 minutes.

Mr. SCHMITT. Will the Senator from Colorado yield 5 minutes of his time to me?

Mr. ARMSTRONG. Mr. President, I am pleased to yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, 1971, another milestone, price controls were imposed on domestically produced crude oil serving to reinforce the adverse effects of the earlier controls on domestic natural gas prices. As the costs of finding and producing new oil exceeded the price that could be charged, U.S. oil investments accelerated their movement abroad where costs were much lower.

The result. By the end of 1971, U.S. drilling had dropped to 27,300 wells from a high of over 58,000 in 1956. By 1973, the United States had become dependent on imports for one-third of its crude oil needs.

Mr. President, the significance of these signals is that there has not been a lack of oil and gas available to domestic drilling, it has been Government controls that prevented that drilling.

King Hubbard's analysis was entirely correct that the number of feet of drilling has been drifting off, but not because there was none to search for, it has been dropping off because of improper management of the energy economy by the Federal Government.

In 1973, the first OPEC oil embargo. OPEC's control of production and our dependency on imports reached the point where OPEC could control both world energy prices and world economic policy.

In 1974, the much heralded "Project Independence" was begun including, unbelievably, the continuation of price controls on domestically produced oil and gas.

The result. Finally, disaster. The decline in the search for new domestic oil and gas accelerated. By the end of 1976, the United States was importing 40 percent of its oil needs.

In 1977, we all remember that Jimmy Carter declared war on energy. His "moral equivalent of war" has been more regulation and taxation, which we are discussing here again today, neither of which contains any promise of victory through domestic production.

The result. By the end of 1979, the United States was importing over 45 percent of its oil needs at a cost to the consumer of about $65 billion, that is $65 billion not reinvested in the U.S. economy.

Mr. President, in spite of this record of disastrous milestones I have just summarized, we are here today again discussing another milestone of disaster commonly known as the windfall profit tax. As my colleagues have indicated so clearly, it is not a windfall profit tax, it is an excise tax, a tax on production that the consumers will pay.

It is a hoax. It is the biggest hoax I have been party to since my arrival in the Senate 3 years ago.

I am sorry to say to my constituents that I have been unable to derail this effort to raise their cost in the present and in the future, and to begin the further process of destroying the domestic oil and gas industry and, particularly, that part of the industry, the independents, which have found so much of our domestic energy supplies.

This Senator finds it incomprehensible that the administration and the majority supporting this measure would advocate such a gross tax on the American people at a time of high inflation and at a time when that tax will discourage our ever achieving energy independence. It is no longer a tax that is directed to penalize the oil industry. It is a tax to raise revenue.

More and more, as the Senator from Kansas has indicated, we see the administration working hand-in-hand with the major oil companies, at the expense of the exploration and discovery of new domestic oil by the independents.

I hate to see any part of our market system managed by the Federal Government, but I certainly hate to see the part managed that is the most productive part. That is what the administration is trying to do, and that apparently is what the majority of the conference

committee is trying to do; and this Senator is more opposed to that process today than when he argued against that in the first place.

I thank the Senator from Colorado for yielding.

Mr. President, I look forward to the remarks of the Senator from Colorado. I yield to the Senator from Colorado the remainder of my time.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator's remarks. But before commenting on this bill, I inquire if the Senator from New Mexico is raising the possibility that if this bill continues to get worse in conference, that he might be one of those who would be disposed to consider a filibuster on the conference report?

Mr. SCHMITT. The Senator from New Mexico, along with a number of other Senators that he has discussed this possibility with, is very much of that mind, not only because of the resistance to a phaseout position, which has been so well discussed by the senior Senator from Wyoming, but also because of the general concept that seems to now be behind the so-called windfall profit tax.

The proponents of this bill had better realize that they are facing defeat on the floor of the U.S. Senate if they do not shape up. I am not sure that they will not be defeated no matter what they do because it is such a lousy bill. If they do not do what the Senator from Kansas and the Senator from Wyoming and others are advocating, they are in serious trouble.

Mr. ARMSTRONG. Mr. President, the Senator from New Mexico has explained the situation in terms of unmistakable clarity. I compliment him for his statement and associate myself with the direction of his thinking.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Colorado has approximately 9 minutes remaining.

Mr. ARMSTRONG. Mr. President, I shall make a brief observation about the bill itself, and then I will ask the Senator from Kansas if he can help clarify a couple of issues that I think need to be brought to the attention of the Senate.

It was evident that as the bill left the Senate, it would result in a less productive energy economy. It would result in less production of domestic fuel at a time when we need more, not less, oil and natural gas produced in this country. It is obvious that this will result, even as the bill left the Senate, in transferring some $170 billion from the private sector to the Government sector, with all the consequences other Senators have pointed out. But at least the bill, as it left the Senate, did contain a provision to phase out the tax at a certain date.

I say to the Senator from Kansas that I understand that the conference committee has agreed, at least tentatively, to delete from the bill that phaseout provision. It is my recollection that that phaseout provision was adopted by the Senate by a margin of about 2½ to 1. It was obviously a provision which was considered with great care by the Senate and after much debate, after a vigorous discussion on both sides of the issue.

I am curious to know what considerations prompted the conference committee to withdraw from the Senate position. Am I correct in assuming that this is still up for consideration, or has the decision been reached?

Mr. DOLE. So far as this Senator knows, no decision has been reached on the phaseout; but I suggest that I know that the White House and the administration, long since, have forgotten about any energy policy. This is a tax bill. They want to make it a permanent tax bill. How much can we extract from the industry to pass on to the American consumer?

The Senator from Kansas was bewildered at the second meeting of the conference when we added $50 billion to that, after we had struggled here for 4, 5, or 6 days, arguing about $1 billion or $2 billion.

Mr. ARMSTRONG. That is exactly what prompts my concern about the phaseout. We had 5 weeks of debate in the Senate on that bill and reached the agonizing decision that involved dozens of hours of debate on the floor, as the Senator from Kansas knows, as well as dozens of hours of backstage meetings, meetings in the cloakroom, negotiations to arrive at a very delicately balanced package of $170 billion. That was the figure that represented the best judgment of the Senate. I would have anticipated that our conferees would go into that conference to fight like tigers for the Senate's position. Yet, I understand that our conferees gave that up the first day.

Mr. DOLE. The second day. We did not meet long the first day, or we would have given it up then.

Mr. ARMSTRONG. Was the decision to go from $170 billion to more than $220 billion reached on the basis of a vote taken by the conferees of the Senate?

Mr. DOLE. I think it was unofficially a sort of head count. The Senator from Kansas did not agree with that action, but the majority did. I think there was a feeling that we should do something for Christmas; that before we all left for Christmas, we should drop $50 billion more into the pot. So we did that, in my view, on the theory that the American people would know Congress was doing its best, to increase their taxes before we left.

Mr. ARMSTRONG. In this head count, how many of the Senate conferees were counted as being in favor of this $50 billion increase and how many were counted against it?

Mr. DOLE. Not many. I know one for certain who was against it. I see another one leaning. I would guess that on the Senate side there were very few, because a lot of pressure was being applied.

There was a feeling that if we could just decide on how much the tax should be, the rest would be easy. We have found out since that it is not that easy. The White House has gotten a taste of the tax and wants more of it. They do not want it to phase out.

I have heard figures of $300 billion or $350 billion before we start a phaseout. I am not even certain that that is in conference. It seems to me that we are talking about something that is not even in conference. We already split the difference between the House bill and the Senate bill and reached $227.3 billion.

It is my hope that this exchange this morning will indicate, particularly to the House conferees of both parties, that there are some Senators who are not happy about what is happening in the conference.

Mr. ARMSTRONG. I do not want to press the Senator from Kansas unduly, but I am under the impression that it is the tradition in this body that Senate conferees go into conference with some kind of obligation to fight for the Senate position.

Maybe this $50 billion already has been given away; maybe it is irrevoable. Now I am concerned about the phaseout, and it is my recollection that the phaseout provision was adopted by a vote of 58 to 26 in this body. I am not a conferee. I ask the Senator from Kansas: If our conferees give up on that kind of provision and come back and say, "We have given up on $50 billion; we have given up on the phaseout," have they really fulfilled their obligation as conferees to represent the Senate position?

Mr. DOLE. We have had some victories for the Senate, so far as depletion allowance and things of that kind are concerned; but I hope there is a clear message and a clear signal going to all the conferees, including the Senator from Kansas, that there are Senators here, in both parties, who are very concerned about the phaseout. The White House should know and the administration should know that we are very concerned about the phaseout.

This bill is a long way from becoming law if there is not some accommodation of those interests. It is not that we are opposed to the tax. I voted for it.

Mr. ARMSTRONG. I ask the Chair or the Senator from Kansas a procedural question.

I think this phaseout is one of the critical issues in the whole windfall tax package. My question is this: First, would it be in order to move to instruct conferees? Second, as an alternative to that, if a conference report comes back which does not contain the phaseout provision, may I obtain a separate vote on that issue by moving to refer the bill to conference with instructions, if that should be my desire at that time?

In other words, will the world know how Senators really stand on the phaseout question?

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator propose that as a parliamentary inquiry?

Mr. ARMSTRONG. Yes.

The PRESIDING OFFICER. As to the first question, there is precedent as to instructing conferees by resolution, after the conference has begun.

As to the second question posed by the Senator from Colorado, if the Senate is the first body to act on the conference report, a motion to recommit with instructions is in order.

Mr. ARMSTRONG. I thank the Chair. I make no such motion today. But I just want to indicate to my distinguished colleague from Kansas, the ranking Republican member of the conference, and the distinguished chairman of the Finance Committee, who I note is now on the floor, that there are Senators who are very much concerned about this issue and who would be ready to go the last mile in order to prevent that phaseout provision from being knocked out of the bill.

Before I yield the remainder of my time to whoever wishes it—I will yield to the Senator from Louisiana—I point out that a rumor has reached my ears that some House conferees are trying to hang on a bill having to do with tax exempt revenue bonds, and I recall that that bill has not passed in either House. That is the same kind of tactic—this business of adding in conference legislation not considered by either House——

Mr. WALLOP. Mr. President, will the Senator let me respond to that?

Mr. ARMSTRONG. I will be glad to.

Mr. WALLOP. There is a fervent rumor about that the chairman of the House Ways and Means Committee, Mr. ULLMAN, seeks to attach his bill, the tax-exempt mortgage bond bill.

That is the same way we got the beautiful thing called carryover basis which we are now trying 4 years later to dispose of.

The PRESIDING OFFICER. All of the time of the Senator from Colorado has expired.

Mr. DOLE. Mr. President, I ask unanimous consent that we may proceed for an additional 5 minutes.

Mr. LONG. Mr. President, reserving the right to object, I believe I will have to object on behalf of the majority leader, since I have been so requested. I personally would have no objection, but I am afraid it has to be cleared with the majority leader.

Mr. DOLE. I withdraw the request.

The PRESIDING OFFICER. The request is withdrawn.

(The following statement was made later and is printed at this point in the RECORD by unanimous consent.)

Mr. LONG. I yield myself 3 minutes, Mr. President, to comment on the colloquy that occurred before the pending business was laid before us.

Mr. President, I personally have no intention whatever of yielding on the so-called phaseout proposal.

I assume that, with the significance that amendment involves and the tremendous interest that there is in it on both sides of the Capitol Building, we will have to make some kind of a compromise. But the Senator from Louisiana will insist that the compromise that we have be a meaningful compromise and that it be something that would gain a substantial amount for the Senate position.

This Senator did vote and a majority of the Senate conferees did vote for a compromise to more or less split the difference between the House figures and the Senate figures.

The Senator from Louisiana took the lead in doing that. One of the reasons that he did was because he is convinced if we do not pass the windfall profit tax bill the President is going to withdraw his deregulation order and we will be back in the same mess that we were in from 1973 up to 1978 where the Federal law, controls, and tax policies inhibit and impede the exploration and the development of new sources of energy.

On one aspect of that matter, when the bill was in the Senate the Senator from Kansas (Mr. DOLE) made a valiant fight against raising the tax here in the Chamber and then in debate and in negotiations that took place we fought for a matter of a week and finally compromised it over the matter of $1 billion in that tax.

Let us examine the time factor, if we made progress at that rate in the conference. Keep in mind, Mr. President, that is a conference of 11 Senators and 15 House Members, a total of 26 people all of whom are subject to making a speech every time we get to some controversial point. This has a potential of even more oratory than we experienced here in the Senate while that bill was before us for 6 weeks out here.

The bill has been in conference since it passed on December 17. If we take the rate of progress on the matter that the Senator from Kansas (Mr. DOLE) so valiantly fought—and I supported him in that—over the $1 billion as it was at that rate and if we took the same period of time to resolve the $100 billion in controversy between the two Houses, at that rate it would take us 2 years to complete the conference; in other words, the bill at that rate would be in conference between now and the year 1982.

So we simply had to find some ways to accommodate one another, and what we did was to split the difference on the figures.

There is nothing new about that. That is par for the course. In trying to get conferees together, when two sets of conferees are at loggerheads, sometimes the only way they can ever manage to resolve their difference is just to split the difference. In many of these cases, that is what conferees have done. They told me with regard to the Chrysler bill they did that. I heard one of the conferees explain that in order to reach an agreement that is all they could do because there was so much of a difference between the two bills.

Mr. President, that is the kind of thing we did when we just agreed to split the difference on the total raised by the tax.

I fully appreciate the arguments against the tax. They were very well made and they were all heard here, and I appreciate them. But I am convinced, if we do not pass that windfall profit tax, the companies will be denied the profits that they otherwise would make and, therefore, there will not be any profits to tax, so that the industry would be better off to pay a tax than it would be if it were held to the price controls that existed prior to the President's deregulation order.

It is only for that reason that I support the agreements that have been thus far made and that I support the bill itself.

But the Senator from Colorado, the Senator from Kansas, and all those Senators can rest assured that the Senator from Louisiana is going to continue to support the phaseout because he believes in it. I think it is right, and I believe it is just a matter of time before the House conferees as well as the administration will realize that the Senate is in earnest about this matter, and when they do I think they will agree with something that we can recommend to the Senate.

● Mr. GARN. Mr. President, I am happy to join my colleagues this morning, in discussing the windfall profit tax bill. As I am sure my colleagues know, I have a great aversion to legislation of this kind. This legislation is punitive; it is discriminatory; it is, basically, mendacious.

To begin with, it is not a windfall profit tax bill. It was not a windfall bill in the beginning, and it still is not. It was an excise tax bill, and an excise tax bill it remains.

Second, this bill is discriminatory. It discriminates against one specific industry. It is, essentially, a violation of the Constitution to do what we do in this bill. We say to a specific industry: "You are huge; you take in enormous gross profits; we could use some of those profits to help us fund our pet social programs; it would be a good idea to balance the budget. Therefore, we will take away some of those profits."

We do not tax all industries that make large profits. The auto industry makes large profits. We do not even tax all industries that make a high percentage of profit. The publishing and broadcasting industries do that. We just tax the oil industry, because for the moment, people hate the oil companies, so we can get away with it. That is what I mean by discriminatory and unconstitutional.

The Senator from Texas offered an amendment that would have taxed all industries that make excess profits. But that amendment did not go anywhere, because that is not what the majority of the Senate was interested in doing. They wanted to raise money the easiest way they knew how: Tax the oil industry. The Senator from Maine stood right here on the Senate floor and admitted that this bill had nothing to do with energy: "We have to raise as much money as we can to pay for all the programs we have already enacted. Of course, we were not counting on this windfall profit tax money when we enacted the programs, and I do not know how we were going to pay for them if this had not come along, but we have to have this money now." I am paraphrasing, of course, but let me quote the Senator from Maine exactly:

My immediate objective is to set aside a sizable portion of the revenues to be generated by the pending bill to balance the budget.

That ought to dispell any notion that this was an energy bill. We were raising revenue, in as painless a way as possible. Of course, the people of America will pay this tax, just as they do any other tax, and precious little they will get for it, either.

Third, this bill punishes one of the most efficient industries in America. I have plenty of criticisms of the oil industry. Sometimes I think they work overtime to make themselves look bad. But whatever the appearance, they have done a marvelous job of providing energy to the people of this country, at remarkably low prices. Even during the years after the first Arab oil embargo, from 1973 through 1978, real prices for the products people use declined. If we ever got rid of the regulatory structure in Washington, we might see that same thing happen again.

This is a bad bill. It was bad when the House passed it; it was bad when the Finance Committee reported it; it was bad when the Senate passed it; it is worse now. This bill contains provisions that are so bad, in terms of what we all know we should be doing in energy policy in America, that it is almost beyond belief.

We should be encouraging the production of every drop of oil we know about in this country. We all know that. Even the proponents of this bill know it. Instead, we lay a tax on tertiary recovery. We lay a tax on heavy oil. We know where that oil is, and we tax it. We tax old oil at punitive rates. The proponents of this bill say that the oil will be produced anyway, and they point happily to a study by the Congressional Budget Office to make their case.

Well I say to my colleagues, that these taxes will discourage heavy oil production; they will keep old oil in the ground; they will discourage the investment needed to produce tertiary oil. I don't care how many CBO studies there are that say differently. I know oilmen, and I know people, and I am here to tell you that if you tax this stuff, you will get less of it; a lot less.

We want to encourage the discovery of more oil. Everyone knows that. Even the proponents of this bill will admit it. And yet this bill lays a tax on oil that has not even been discovered yet. What on earth for? Is that a "windfall"? Of course not. There cannot be an inventory profit on something that is not even in the inventory. We will discourage the production of new oil just as sure as God put the stuff in the ground. The OPEC countries must be laughing up their sleeves to see the contortions we go through to maintain their monopoly on oil production. They could not write a better script themselves.

And now they are trying to extend the duration of this "windfall" tax. What a joke. Everyone knows that even the worst hurricane stops sometime, and that the windfall has to come to an end. But I heard talk on the floor of this Senate about making this a permanent tax. And why not? People will go right on hating the oil companies. They will go on making large gross profits. Never mind that their net profit per gallon is about 2 cents. Never mind that they are investing more in exploration than they are making. They will be a good source of revenue for our social programs for as long as we can see into the future. But at the least we can count on enormous revenues, billions and billions of dollars that we can get the oil companies to collect our revenues for us.

What a break that is for us. We may have found the perfect system. We can spend all we want to on our pet projects. And we will not even have to levy any taxes on the people. We can just tax the oil companies, and the companies can raise our taxes for us. Of course, it is the people that will pay, in either case, but they will not know that. They will blame it all on the oil companies, and we can go our merry way.

Mr. President, this tax ought to be revealed for what it is: An obscene tax. It is a travesty of justice, a violation of the Constitution, and a violation of elementary principles of accountability. I promise to vote against it.●

VITIATION OF SENATOR BENTSEN'S SPECIAL ORDER

The PRESIDING OFFICER. The Senator from Texas (Mr. BENTSEN) not being present in the Chamber his request for special order is vitiated.

SOCIAL SECURITY DISABILITY AMENDMENTS OF 1979

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 3236, which the clerk will state by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 3236) to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 731

The PRESIDING OFFICER. The pending amendment is amendment No. 731.

The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, under the unanimous-consent agreement, the Senator from Louisiana has control of 53 of the remaining minutes and the Senator from Kansas (Mr. DOLE) has control of 41 of the remaining minutes.

Mr. SCHMITT. Mr. President, will the Senator from Kansas yield time on the bill before us for a discussion of an amendment that I intend to offer later in the morning on that bill?

Mr. DOLE. Mr. President, I yield 5 minutes to the Senator.

Mr. SCHMITT. Five minutes are more than enough.

Mr. President, I say to both of the distinguished managers of this disability insurance measure that in my pursuit of an issue in the last session of this Congress, namely, the issue of the IRS becoming a small debt collector for the Federal Government, I discovered that they were already a small debt collector for the Federal Government in at least one area. There may be others. But this is the only one that I have been able to discover, and has to do with the collection of debts owed under the aid for dependent children program. This measure before us would attempt to extend that debt-collection authority to collect child support payments for the State to non-AFDC families.

As I argued some time ago on an appropriations bill dealing with student loans, I do not think this is an appropriate function for the IRS. Later in the morning or early afternoon I will be offering an amendment that will delete the provision in this bill to expand IRS authority as a small debt collector.

This movement, or incipient movement, and it has not succeeded, fortunately, so far, to have the IRS as a tax collecting agency, can very seriously undermine the IRS as a tax collecting agency and possibly harm the voluntary nature of the system. In fact, that has been the judgment of the commissioner of the IRS.

It would increase the cost of collecting taxes by changing withholding patterns. It would play into the hands of many of the previous abuses that we know of in the IRS system and probably goes counter to the Tax Reform Act of 1976, which provides for privacy of records, and that would pose problems for any collection activity undertaken by the IRS.

As the Senators, I am sure, recall, we created the inspectors general in the agencies to look into matters such as the collection and the efficacy of the collection mechanisms of the various agencies, and I think we owe it to ourselves, if not to the agencies, to see if the inspectors general mechanism can work in this and other regards.

There is, of course, just the basic question of what are the rights of individuals, the legal rights of individuals, to due process in questions of debts owed or potentially owed to the Federal Government.

When we put the IRS in a position that we can subtract from a tax refund the Government's idea of what is owed to the Government, or to a State government in the instant case, then we are clearly moving away from providing due process.

I bring this up at this point just to alert the managers of the bill that an amendment will be offered, and we will have copies of the amendment to them very shortly, and I hope the colleagues who are listening to this discussion will begin to look at this issue very carefully. There have been "Dear Colleague" letters provided and other information will be available shortly.

Mr. President, I yield back to the managers. I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. DOLE. I suggest it be charged equally.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, we really should be debating and discussing the pending amendment, the Percy amendment, which is the pending business. So I suggest that the time be charged equally to Senator PERCY and to the manager of the bill. I have 22 minutes and he has 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that Linda McMahon, Sheila Burke, Bob Lighthizer, and Rod DeArment be granted floor privileges during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that—I yield myself 30 seconds—David Koitz and Margaret Malone of the Congressional Research Service be permitted privileges of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator from Illinois seek recognition?

Mr. PERCY. Yes.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. PERCY. Mr. President, as I understand it, the pending business is amendment No. 731?

The PRESIDING OFFICER. The Senator is correct.

Mr. PERCY. First, Mr. President, I ask unanimous consent that two members of the Governmental Affairs staff, Tim Jenkins and Charles Berk, and a member of my personal staff, Barbara Block, be permitted on the floor during consideration of H.R. 3236 and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I rise to continue my remarks of December 5, 1979, concerning my amendment No. 731, designed to curb certain abuses of the supplemental security income program by newly arrived aliens. This amendment was originally contained in S. 1070, which I introduced on May 3, 1979, and is being introduced as an amendment to H.R. 3236, an act designed to remove certain work disincentives for the disabled from the supplementary security income program (SSI). Another portion of S. 1070 has already been added as an amendment to H.R. 3236.

Over 2 years ago, I discovered that a loophole in this Nation's immigration and social security laws was costing the American taxpayer many millions of dollars annually in SSI benefits to newly arrived aliens.

Here is how the loophole works:

The immigration law requires as a condition of entry for certain categories of aliens that they have a sponsor, often a close relative or friend, who is a citizen or permanent resident of the United States. As a condition for granting an immigration visa to the alien, the sponsor promises the Government that the immigrant will not become a public charge. Without this presumed commitment the alien would not be permitted to come to the United States.

It is perfectly clear that unless a commitment is given, and a sponsor signs that he will be responsible for the immigrant, and indicates that the immigrant will not become a public charge, there would be no chance for that immigrant to come into the country. If they had not signed on that way, and had not demonstrated their financial ability to provide support for the immigrant, there would have been no chance for the alien to come in.

That is the theory behind it. The commitment is there, and is in writing, and it certainly is the strongest kind of a moral obligation.

The privilege of coming into this country is sought by literally millions of people. To grant that privilege to a relatively few people each year, has to be, and is, based by law on the certification of the sponsor that the alien will not become a public charge. As far as I can see it is all theory. There is no factual evidence supporting it.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. PERCY. I would be happy to yield.

Mr. DOLE. The Senator from Kansas certainly supports the concept.

Mr. President, this amendment, in conjunction with the provision in the bill which requires aliens to reside in the United States for 3 years before becoming eligible for SSI benefits, will correct a situation which has outraged the American public for several years. It assures that the financial responsibility for the alien remains on the shoulders of the sponsor where it belongs rather than being allowed to be transferred to the backs of the taxpayers.

There is no reason for American taxpayers to have to provide a tax-free, 100 percent Government-funded pension to aliens who have been in this country for only 30 days and contributed little or nothing to the economy. The burden of Government programs, in terms of inflation and taxation, on our own citizens is nearing the unbearable. So, if we are going to spend these dollars, they should not be spent on short-term aliens. Better still, we should save these dollars and give our taxpayers a break.

There are ample protections provided in the amendment for aliens and sponsors alike to preclude undue hardships, and I urge my colleagues to support the amendment.

The only question we would have would be on the matter of jurisdiction, whether we would have jurisdiction or whether the Judiciary Committee would have jurisdiction. I am a member of the Judiciary Committee. I understand the Senator from Illinois may have worked out any jurisdictional problems and, if so, then both managers of the bill would be prepared to accept the amendment.

We are trying to check on our side of the Judiciary Committee to see if there are any objections to the amendment. I cannot understand why there would be any objections because I think it is an outstanding effort by the Senator from Illinois.

So the Senator from Kansas supports the effort. I hope we might avoid a rollcall, but if that is not possible, maybe we could have it a little later on after we have had another amendment or two.

Mr. PERCY. I think it has been worked out. There might be some questions in some Senator's minds about the way it has been done, but I will be very happy to describe what has been worked out for the guidance and reaction of the floor managers of the bill.

The law, however, also permits a new immigrant to apply for and receive supplemental security income (SSI) benefits 30 days after arrival in the country. To round out the loophole, the courts have ruled that the sponsor's promise to support the immigrant is nothing but a "moral obligation."

As a result, responsibility for financial support of the immigrant is shifted from the immigrant and his sponsor to the taxpayers. In effect, the immigrant gets a gift from the Government—an instant pension.

The GAO determined that during 1977, in five States alone—those with the largest number of aliens—about 37,500 newly arrived aliens received close to $72 million in SSI benefits. About $16 million of this amount was paid to refugees. The GAO further found that of the total alien population receiving SSI an estimated 63 percent had enrolled in the program during their first year of residency in this country. All told, 96 percent of those aliens receiving SSI had resided in the United States for 3 years or less at the time they first began receiving benefits.

In numerous cases, sponsors who have reneged on their promises of support had the full financial capability to support the newly arrived alien but instead chose to take advantage of the loophole. A May 7, 1979 article in the Los Angeles Times provides some choice examples:

> A 65-year-old man in Sunnyvale, California, * * * entered the country under the sponsorship of his daughter, who earns over $25,000 and lists assets worth over $130,000. He applied for and received welfare benefits within four months of his arrival.
>
> Three months after entering the United States, a couple from San Francisco began receiving monthly benefits of $338, despite the fact that their son-in-law had signed an affidavit guaranteeing that they would not become public charges. Once they got on welfare, he discontinued all assistance, whereupon the couple's benefits were increased to $522 per month.
>
> One elderly woman, whose entry was sponsored by her daughter in Illinois, actually applied for welfare two months before she arrived in America. The payments began 15 days after she joined her daughter.

Similar instances of abuse have also been fully documented by the GAO.

The amendment for which I speak today would make the sponsor's affidavit of support a legally enforceable contract. This measure has received strong bipartisan support. Senator CRANSTON is its principal consponsor and 23 other Members of the Senate have signed on as cosponsors.

On October 26, 1979, during Finance Committee consideration of H.R. 3236, Senator ROTH offered as an amendment that portion of S. 1070 requiring all aliens, with the exception of refugees, to meet a 3-year residency requirement for participation in the SSI program. The committee unanimously approved the amendment which is now included in section 504(a) of H.R. 3236.

Today, in voting on this amendment which is specifically concerned with the affidavit of support, we have an opportunity to eliminate this intolerable loophole.

While a 3-year residency requirement for participation in the SSI program is undoubtedly an important step in curbing the abuses now under discussion, a residency requirement alone will not prevent sponsors from reneging on their promises of support to newly arrived aliens. However, with the added deterrent of a binding affidavit of support, few would treat their obligations lightly. If the sponsor chooses not to live up to his obligation of support, he may be subject to civil suit in either Federal or State court.

I would like to make it very clear that this amendment does not penalize the honest and well-intentioned sponsor. The sponsor can be relieved from his obligation of support if he is able to affirmatively demonstrate that his financial resources subsequent to the execution of the affidavit have diminished for reasons beyond his control and that he is financially incapable of supporting the alien. If such a determination is made, the alien who has lost his means of support would be eligible for SSI assistance.

In order to best effect the amendment's cost-saving purpose, an enforceable affidavit of support is essential to eliminate the loophole. The time has now come for the responsibility of an alien's support to be squarely placed on the shoulders of the sponsor who promises to do so, and not the American public. We have before us a real opportunity to enact cost-saving legislation that can be implemented quickly and efficiently. We, the 96th Congress, committed to vigorous oversight, have promised our constituents a close scrutiny of Federal spending and have promised to cut costs wherever it can be achieved and justified. Clearly, this amendment will fulfill that mandate. I would, therefore, urge my colleagues to accept the amendment and make the sponsor's affidavit of support a legally binding and enforceable agreement.

Mr. President, I would also like to add modifying language to my amendment. The modifying language provides that in the event the immigration sponsor does not live up to the terms of his support agreement, the Attorney General or the affected alien can bring civil suit against the sponsor in the U.S. district court for the district in which the immigration sponsor resides or in which such alien resides, without regard to the amount in controversy. This modification would give the Federal courts exclusive jurisdiction to enforce a sponsorship agreement when no State or local public assistance funds have been paid to the alien.

In the event that local or State public assistance funds are paid to the alien because the sponsor has not lived up to the terms of his support agreement, State or local authorities may bring civil suit against the immigration sponsor. The suit may be brought in the State courts for the State in which the immigration sponsor resides or in which such alien resides without regard to the amount in controversy. If the amount in controversy is $10,000 or more, civil suit may be brought by the State or local authorities, in the U.S. district court for the district in which the immigration sponsor resides or in which the alien resides.

Additional modifying language also clarifies the liability of a sponsor who, without just cause, fails to comply with the terms of his support agreement. In such a case, the Federal Government would be expected to seek vigorous enforcement of the support agreement on behalf of the alien who has lost his means of support. While the Government is seeking enforcement of the support agreement, the newly arrived alien would be eligible to receive SSI benefits. Of course, the sponsor would, at a minimum, be held liable by the Federal Government for full reimbursement of SSI benefits paid to the abandoned alien.

I ask unanimous consent that the above-described modifying language be added to my amendment No. 731.

The PRESIDING OFFICER (Mr. CULVER). Will the Senator also send to the desk——

Mr. PERCY. Mr. President, I ask unanimous consent that my distinguished colleague, the Senator from Washington (Mr. JACKSON) be added as a cosponsor to my amendment No. 731.

Mr. LONG. Mr. President, will the Senator explain what the modification of the amendment is?

The PRESIDING OFFICER. Does the Senator reserve the right to object?

Mr. LONG. Yes, I do, Mr. President. I would like to find out what the modification is.

Mr. PERCY. Mr. President, the modification would provide that suit could be brought against a sponsor; that he could be held legally liable. There is now a moral obligation; there is not a legal liability. And that is the gaping loophole that we discovered had been taken advantage of. Word of mouth through the community—I know in Chicago, alone—indicates that, well, all you do is bring them over, sign the slip, say you are going to be morally obligated, and you will be a public charge but you can take them right down and get a supplementary income.

Mr. LONG. Is that the amendment or the modification?

Mr. PERCY. That is the modification of the amendment.

Mr. LONG. I thank the Senator. I have no objection.

The PRESIDING OFFICER. Is there objection? Without objection it is so ordered.

The amendment (No. 731), as modified, is as follows:

On page 106, after line 24, insert the following:

TITLE VI—A PROVISION RELATING TO THE IMMIGRATION AND NATIONALITY ACT

"SUPPORT OF ALIENS

SEC. 601(a) Chapter 2 of title II of the Immigration and Nationality Act is amended by adding at the end thereof the following new section:

"SEC. 216(a) No alien shall be admitted to the United States for permanent residence unless (1) at the time of application for admission an agreement described in subsection (b) with respect to such alien has been submitted to, and approved by, the Attorney General (in the case of an alien applying while in the United States) or the Secretary of State (in the case of an alien applying while outside the United States), or (2) such alien presents evidence to the satisfaction of the Attorney General or Secretary of State (as may be appropriate) that he has other means to provide the rate of support described in subsection (b). The provisions of this section shall not apply to any alien who is admitted as a refugee under section 203(a)(7), paroled as a refugee under section 212(d)(5), or granted political asylum by the Attorney General.

"(b) The agreement referred to in subsection (a) shall be signed by a person (hereinafter in this section referred to as the 'immigration sponsor') who presents evidence to the satisfaction of the Attorney General or Secretary of State (as may be appropriate) that he will provide to the alien the financial support required by this subsection, and such agreement shall constitute a contract between the United States and the immigration sponsor. Such agreement shall be in such form and contain such information as the Attorney General or Secretary of State (as may be appropriate) may require. In such agreement the immigration sponsor shall agree to provide as a condition for the admission of the alien, for the full three-year period beginning on the date of the alien's admission, such financial support (or equivalent in kind support) as is necessary to maintain the alien's income at a dollar amount equal to the amount such alien would receive in benefits under title XVI of the Social Security Act, including State supplementary benefits payable in the State in which such alien resides under section 1616 of such Act and section 212 of the Act of July 9, 1973 (Public Law 93-66), if such alien were an 'aged, blind, or disabled individual' as defined in section 1614(a) of the Social Security Act. A copy of such agreement shall be filed with the Attorney General and shall be available upon request by any party authorized to enforce such agreement under subsection (c).

"(c)(1) Subject to paragraphs (3) and (4), the agreement described in subsection (b) may be enforced with respect to an alien against his immigration sponsor in a civil action brought by the Attorney General or by the alien. Such action shall be brought in the United States District Court for the district in which the immigration sponsor resides or in which such alien resides, without regard to the amount in controversy.

"(2) Subject to paragraph (4), for the purpose of assuring the efficient use of funds available for public welfare, the agreement described in subsection (b) may be enforced

with respect to an alien against his immigration sponsor in a civil action brought by any State (or the Northern Mariana Islands), or political subdivision thereof, which is making payments to, or on behalf of such alien under any program based on need. Such action may be brought in the United States District Court for the district in which the immigration sponsor resides or in which such alien resides, if the amount in controversy is $10,000 or more (or without regard to the amount in controversy if the action cannot be brought in any State court), or in the State courts for the State in which the immigration sponsor resides or in which such alien resides, without regard to the amount in controversy.

"(3) The right granted to an alien under Paragraph (1) to bring a civil action to enforce an agreement described in subsection (b) shall terminate upon the commencement of a civil action to enforce such agreement brought by the Attorney General under paragraph (1) or by a State (or political subdivision thereof) under paragraph (2).

"(4) The agreement described in subsection (b) shall be excused and unenforceable against the immigration sponsor or his estate if—

"(A) the immigration sponsor dies or is adjudicated as bankrupt under the Bankruptcy Act,

"(B) the alien is blind or disabled from causes arising after the date of admission for permanent residence (as determined under section 1614(a) of the Social Security Act),

"(C) the sponsor affirmatively demonstrates to the satisfaction of the Attorney General that his financial resources subsequent to the date of entering into the support agreement have diminished for reasons beyond his control and that he is financially incapable of supporting the alien, or

"(D) judgment cannot be obtained in court because circumstances unforseeable to the alien at the time of the agreement.

"(d)(1) If an agreement under subsection (b) becomes excused and unenforceable under the provisions of subsection (c)(4)(C) on account of the sponsor's inability to financially support the alien, such agreement shall remain excused and unenforceable only for so long as such sponsor remains unable to support the alien (as determined by the Attorney General, but in no case shall the agreement be enforceable after the expiration of the three-year period designated in the agreement. The sponsor shall not be responsible for support of the alien for the time during which the agreement was excused and unenforceable, except as provided in paragraph (2).

"(2)(A) If the Attorney General determines that a sponsor intentionally reduced his income or assets for the purpose of excusing a support agreement, and such agreement was excused as a result of such reduction, the sponsor shall be responsible for the support of the alien in the same manner as if such agreement had not been excused, and shall be responsible for repayment of any public assistance provided to such alien during the time such agreement was so excused.

"(B) For purposes of this paragraph the term 'public assistance' means cash benefits based on need, or food stamps.".

(b) The table of contents for chapter 2 of title II of the Immigration and Nationality Act is amended by adding at the end thereof the following new section:

"SEC. 216. SUPPORT OF ALIENS."

(c) Section 212(a)(15) of the Immigration and Nationality Act is amended by inserting before the semicolon the following: ", or who fail to meet the requirements of section 216".

(d) The amendments made by this section shall apply with respect to aliens applying for immigrant visas or adjustment of status to permanent resident on or after the first day of the fourth month following the date of the enactment of this Act.

On page 99, line 23, strike out "or (II)" and insert in lieu thereof the following: "(II) the support agreement with respect to such alien under section 216 of the Immigration and Nationality Act is excused and unenforceable pursuant to subsection (c) of such section, (III) the sponsor of such alien (as defined in section 216 of the Immigration and Nationality Act) fails to provide support for such alien under the terms of the support agreement as required under such section 216, and such alien affirmatively demonstrates to the satisfaction of the Attorney General that he did not participate in any fraud, collusion, or misrepresentation on the part of the sponsor, that he believed in good faith that the sponsor had adequate financial resources to support him, and that he could not have reasonably foreseen the refusal or inability of the sponsor to comply with the support agreement (providing that the three-year residency requirement shall not apply only for the period during which such sponsor fails to provide support under such agreement), or (IV)".

On page 33, amend the table of contents by adding at the end thereof the following items:

TITLE VI—A PROVISION RELATING TO THE IMMIGRATION AND NATIONALITY ACT

SEC. 601. SUPPORT OF ALIENS.

Mr. LONG. Mr. President, I yield myself 3 minutes.

Mr. President, the Senator from Louisiana and, so far as I know, other members of the Finance Committee, have no objection to this amendment. We think the amendment is meritorious. As far as this Senator is concerned, he would have no objection if the Senate saw fit to agree to it.

The problem is, from our point of view, that we do not have jurisdiction over the matter. It is not a Finance Committee matter. It is properly within the jurisdiction of the Committee on the Judiciary. It may very well be that someone on the Judiciary Committee might object to the amendment, and we had some indication previously that there might be such an objection.

The Senator from Louisiana would be happy to yield his time to anyone who cares to oppose the amendment. As far as this Senator is concerned, it is a matter beyond the Finance Committee's jurisdiction, but anyone has a right to offer an amendment, as the Senator has done.

As far as the Senator from Louisiana is concerned, it is purely a matter of asking the Senate and if the Senate wants to agree to the amendment, more power to them. They can go right ahead. Otherwise, the Senate may prefer to await action by the Judiciary Committee. If the Senate so wishes, then the chairman of the committee would be perfectly content to await the recommendation of that committee. I have no objection to the amendment.

Mr. PERCY. Mr. President, what I have suggested to the distinguished minority manager of the bill (Mr. DOLE), and I ask the judgment of the floor manager of the bill (Mr. LONG), because this has been a subject of jurisdictional controversy, and because the Senator from Illinois wants to alert every member of the Judiciary Committee that this is going to be voted on, I would not want Members of the Senate to leave their committees just for this amendment.

I feel the best way to work it out would be to ask unanimous consent that whenever the next rollcall occurs on any other amendment or on final passage, that the amendment of the Senator from Illinois, amendment No. 731, be voted on at that particular time, just before the other amendment.

Mr. LONG. Mr. President, I join the Senator in making that request, that immediately after the next rollcall vote we call the roll on the Percy amendment.

The PRESIDING OFFICER. The Chair understood the proposed unanimous-consent request to suggest that the Percy amendment would be considered prior to the next amendment and the Senator from Louisiana is suggesting afterwards. What is the form of the unanimous-consent request?

Mr. PERCY. Mr. President, it is immaterial to the Senator from Illinois, if there are other amendments to be voted on, whether it is the next amendment or whether it will be immediately following. I would suggest immediately following the next amendment, back to back.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I would like to take this moment to thank Senator PERCY for his cooperation and assistance in working to iron out a concern I had with the language in his original amendment relating to the support agreement.

The amendment as modified by Senator PERCY today will add one more exception to the 3-year residency requirement which is contained in H.R. 3236, by allowing the legal alien to demonstrate to the satisfaction of the Attorney General that he had no prior knowledge of the sponsor's refusal or inability to provide support and that he believed in good faith that the sponsor had adequate financial resources to support him. Should the Attorney General be convinced of the legal alien's lack of knowledge or participation in the sponsor's failure to provide support, the residency requirement would be dropped and the legal alien would be eligible for SSI benefits. The additional exception in section III of section 504 of H.R. 3236 was needed because the original amendment made no exception for the legal alien eligible for SSI, who through no fault of his or her own was left without any means of support.

Mr. President, I support the requirement that a sponsor sign a legally binding contract to provide support before a legal alien is granted permanent residency in the United States. In fact, it is difficult for me to believe that this loophole was not closed by the Congress at an earlier date. Should the sponsor break his commitment of support for reasons other than those which are considered to be excusable such as death or bankruptcy however, I believe that the Federal Government has a responsibility to provide for an innocent legal alien until such time as the Attorney General can

force the sponsor to carry out his commitments.

I believe that under the new law very few, if any sponsors will sign an affidavit of support in bad faith. Sponsors will be aware of their liability and will not be inclined to sign an agreement unless they fully intend to provide support for at least 3 years. While I believe instances of the sponsors failure to provide support should be few and far between, it is still unfair to require the States to pick up the cost of supporting the legal alien in those hopefully few cases when a sponsor without just cause, fails to meet the terms of his support agreement. I would add that it is important to consider that the legal aliens we are referring to who are eligible for SSI benefits, are either blind, disabled, or over the age of 65. The primary intent of the Percy amendment is to provide the Federal Government with the mechanism necessary to enforce a sponsor's affidavit of support agreement. It is not to penalize legal aliens who enter the country with the good faith understanding that they will be provided for by their sponsor.

Mr. President, the amendment as modified by Senator PERCY today will strengthen our immigration policies and at the same time keep intact the sense of humanity upon which our supplemental security income laws were written.

Mr. PERCY. Mr. President, I ask unanimous consent that Donna Maddox of my staff be permitted access to the floor on this bill and on all subsequent votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my understanding that the Senator from New Mexico (Mr. SCHMITT) is on his way to propose an amendment. I would suggest the absence of a quorum, awaiting his arrival.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I would like to have the attention of the manager of the bill.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIBICOFF. Mr. President, I am concerned with a very narrow issue which arises out of the report language which appears on page 10 of the Senate report concerning demonstration projects. In this bill we have given the Secretary the authority to establish demonstration projects under the disability insurance program and the supplemental security income program.

The bill and the report are rather specific as to the types of demonstration projects to be carried out under the Disability Insurance program. For example, specific mention is made to encourage "greater use of private contractors, employers, and others to develop, perform or otherwise stimulate new forms of rehabilitation.

In regard to the supplemental security income program's demonstration projects, however, the report merely instructs the Secretary to conduct demonstration projects that "are likely to promote the objectives of * * * of the SSI program."

My concern is that I would like to see the results of demonstration projects that make greater use of the private sector in stimulating the rehabilitation of SSI beneficiaries as well as the results of projects which stimulate the rehabilitation of disability insurance beneficiaries. To this end, I assume that the use of the private sector in demonstration projects to stimulate the rehabilitation of SSI recipients is clearly within and consistent with the "objectives of the SSI program"?

Mr. LONG. The Senator is correct.

Mr. RIBICOFF. And am I correct that our intent here today is that the Secretary should make use of the private sector as well as the public sector in the establishment of both disability insurance and supplemental security income demonstration projects to stimulate rehabilitation?

Mr. LONG. Yes, that is correct.

Mr. RIBICOFF. I thank the distinguished chairman.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. RIBICOFF. On my time, I guess.

The PRESIDING OFFICER. The Senator has no time. The time will be equally divided.

Mr. LONG. Mr. President, I yield myself 1 minute.

May I ask if the Senator from Wisconsin is ready to call up his amendment? I understand he has an amendment he intends to offer.

AMENDMENT NO. 745

Mr. NELSON. Mr. President, I call up printed amendment No. 745, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON), for himself and Mr. HUDDLESTON, proposes an amendment numbered 745.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 56, line 11, after the comma insert the following: "and after he has complied with the requirements of paragraph (3),".

On page 56, line 19, before the period insert the following: ", or (if later) until the Secretary has complied with the requirements of paragraph (3)".

On page 56, line 20, strike out the quotation marks and the second period.

On page 56, between lines 20 and 21, insert the following:

"(3)(A) The Secretary shall develop and initiate all appropriate procedures to implement a plan with respect to any partial or complete assumption by the Secretary of the disability determination function from a State agency, as provided in this section, under which employees of the affected State agency who are capable of performing duties in the disability determination process for the Secretary shall, notwithstanding any other provision of law, have a preference over any other individual in filling an appropriate employment position with the Secretary (subject to any system established by the Secretary for determining hiring priority among such employees of the State agency).

"(B) The Secretary shall not undertake such assumption of the disability determination function until such time as the Secretary determines that, with respect to employees of such State agency who will be displaced from their employment on account of such assumption by the Secretary and who will not be hired by the Secretary to perform duties in the disability determination process, the State has made fair and equitable arrangements to protect the interests of employees so displaced. Such protective arrangements shall include, without being limited to, such provisions as are provided under all for (1) the preservation of rights, privileges, applicable Federal, State, and local statutes and benefits (including continuation of pension rights and benefits) under existing collective-bargaining agreements; (2) the continuation of collective-bargaining rights; (3) the assignment of affected employees to other jobs or to retraining programs; (4) the protection of individual employees against a worsening of their positions with respect to their employment; (5) the protection of health benefits and other fringe benefits; and (6) the provision of severance pay, as may be necessary. In determining that the State has made fair and equitable arrangements as provided for in the preceding sentence, the Secretary shall consult with the Secretary of Labor.".

On page 59, line 19, before the period insert the following: ", and how he intends to meet the requirements of section 221(b)(3) of the Social Security Act".

Mr. NELSON. Mr. President, I send to the desk a modification, which has technical changes, and ask for its consideration.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 56, line 11, after the comma insert the following: "and after he has complied with the requirements of paragraph (3),".

On page 56, line 19, before the period insert the following: ", or (if later) until the Secretary has complied with the requirements of paragraph (3)".

On page 56, line 20, strike out the quotation marks and the second period.

On page 56, between lines 20 and 21, insert the following: "(3)(A) The Secretary shall develop and initiate all appropriate procedures to implement a plan with respect to any partial or complete assumption by the Secretary of the disability determination function from a State agency, as provided in this section, under which employees of the affected State agency who are capable of performing duties in the disability determination process for the Secretary shall, notwithstanding any other provision of law, have a preference over any other individual in filling an appropriate employment position with the Secretary (subject to any system established by the Secretary for determining hiring priority among such employees of the State agency).

"(B) The Secretary shall not make such assumption of the disability determination function until such time as the Secretary of Labor determines that, with respect to employees of such State agency who will be displaced from their employment on account of such assumption by the Secretary and who will not be hired by the Secretary to perform duties in the disability determination process, the State has made fair and equitable ar-

rangements to protect the interests of employees so displaced. Such protective arrangements shall include [without being limited to, such] *only those* provisions *which* are provided under all applicable Federal, State and local statutes *including, but not limited to,* (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective-bargaining agreements; (2) the continuation of collective-bargaining rights; (3) the assignment of affected employees to other jobs or to retraining programs; (4) the protection of individual employees against a worsening of their positions with respect to their employment; (5) the protection of health benefits and other fringe benefits; and (6) the provision of severance pay, as may be necessary.

On page 59, line 19, before the period insert the following: ", and how he intends to meet the requirements of section 221(b)(3) of the Social Security Act".

Mr. NELSON. Mr. President, I raised this issue in the Committee on Finance, but did not have prepared, at that time, an amendment. I advised the committee at the time that I would have an amendment to meet the problem we are concerned with here, when the bill was taken up on the floor of the Senate.

Mr. President, the Senator from Kentucky (Mr. HUDDLESTON) and I introduced this amendment for printing on Wednesday, December 5, and placed the text of the amendment and a memorandum explaining it in the CONGRESSIONAL RECORD, pp. 34699–34700.

I discussed this amendment during the Finance Committee's consideration of the disability bill, at which time, there was general agreement on the substance of the amendment we are offering today. My staff has consulted with the staff of the floor managers from both the majority and minority side, and I believe that there is no objection to the amendment.

The amendment provides employment protections for State employees who now administer the disability insurance (DI) program. The reason any such provisions are necessary is that, under H.R. 3236, as approved by the House of Representatives and by the Senate Committee on Finance, there is an increased likelihood, however small, that the Federal Government will take over, in any given State, the administration of the DI program. In the event of such an occurrence, this amendment provides that affected State employees will be given preference in any positions created by the Federal Government and protects the existing rights of the State employees under all applicable Federal, State, and local laws who are displaced by the Federal takeover.

BACKGROUND

H.R. 3236, as approved by the House and by the Finance Committee, would eliminate the provision in present law which provides for disability determinations to be performed by State agencies under an agreement negotiated by the State and the Secretary of HEW. Instead of these agreements, the bill would provide for standards and criteria contained in regulations or other written guidelines of the Secretary. It would require the Secretary to issue regulations specifying performance standards and administrative requirements and procedures to be followed in performing the disability function in order to assure effective and uniform administration of the disability insurance program throughout the United States.

The bill also provides that if the Secretary finds that a State agency is substantially failing to make disability determinations consistent with the Department's regulations, the Secretary shall, not earlier than 180 days following his finding, terminate State administration and make the determinations himself. In addition to providing for termination by the Secretary, the bill also provides for the termination of the disability insurance program by the State. Under H.R. 3236, the State is required to continue to make disability determinations for 180 days after notifying the Secretary of its intent to terminate. Thereafter, the Secretary would be required to make the determinations.

IMPACT OF H.R. 3236 ON STATE AGENCIES AND STATE EMPLOYEES

In the Ways and Means Committee report accompanying H.R. 3236, it was acknowledged that if the bill is enacted,

There is more likelihood that some States may decide not to participate under the program or the Secretary may determine that a State is not complying with the regulation requirements promulgated under this legislation.

In the past, certain States have seriously considered withdrawing from the program, and several States and State employee unions believe that H.R. 3236 will make such an option even more attractive for many States. In Wisconsin, for example, the State government has indicated it will terminate the administration of the program beginning this year.

If the Federal Government does indeed take over State disability determination agencies, the employment status of many States employees will be uncertain. Because there are no assurances in H.R. 3236 that these State employees will be reemployed by the Federal Government, many of these State employees could lose their jobs as DI employees permanently, even though it is generally recognized that State agencies have the "greatest reservoir of talent in the disability program."

NELSON-HUDDLESTON AMENDMENT

The Nelson-Huddleston amendment provides that first, whenever a State chooses to terminate its administration of the disability program or second, whenever the Secretary of HEW terminates the administration of the disability program by a given State, a specific plan must be developed, and all appropriate procedures initiated to implement the plan, before the Federal Government can assume the responsibilities of the State disability determination unit. The plan must provide a procedure to insure that affected State employees will be given preference in any positions created by the Federal Government and to protect the existing rights of State employees under all applicable Federal, State, and local laws.

More specifically, the amendment requires the Secretary of HEW to establish a procedure to give employees of the affected State agency who are "capable of performing duties" in the disability determination process for the Federal Government a "preference" over any other individual in filling an appropriate employment position with the Federal Government. In order to accomplish this objective, the Secretary would have to establish a hiring priority procedure among the employees of the State agency.

For those persons who choose not to be employed by the Federal Government, or for whom Federal Government employment is not offered, the Secretary of Labor is required to insure that the State has made fair and equitable arrangements to protect the interests of employees who are displaced. Such protective arrangements shall include only those provisions which are provided under all applicable Federal, State, and local statutes including, but not limited to: First, the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective-bargaining agreements; second, the continuation of collective-bargaining rights; third, the assignment of affected employees to other jobs or to retraining programs; fourth, the protection of individual employees against a worsening of their positions with respect to their employment; fifth, the protection of health benefits and other fringe benefits; and sixth, the provision of severance pay, as may be necessary.

Mr. President, the intent of this amendment is to insure that the Federal Government does not in any instance come into any State capitol in the Uinted States, take over the administration of the disability insurance program, and hire a whole new set of employees to work for the Federal Government without first utilizing and considering those State employees who administered the disability insurance program for the State. The amendment does not prohibit the Secretary of HEW from taking over the administration of the State program, nor does it hinder any State's ability to terminate its administration of the disability insurance program.

Rather, the amendment simply places an additional requirement in the law concerning the status of State employees before any action can be taken that could damage the employment situation of these employees.

Finally, the amendment requires the Secretary of HEW to file a detailed plan by July 1, 1980, on how the Department intends to implement the provisions of this amendment. Included in that plan should be a detailed analysis of how the Secretary intends to protect the pension rights and all other employee benefit rights of those persons who leave State government to assume Federal employment.

Mr. President, since the Senator from Kentucky and I introduced amendment No. 745, the Department of Health, Education, and Welfare, the American Federation of State, County, and Mu-

nicipal Employees, and the National Association of Disability Examiners have carefully reviewed the language of our amendment and made several helpful suggestions to improve it. I have sent these modifications to the desk.

I urge adoption of amendment No. 745, as modified.

Mr. President, what this really means is that the State employees are now administering the program, funded by the Federal Government. If, under the rare circumstance—and they will be rare circumstances—the administration of that program is taken over by the Federal Government, those who currently hold the jobs administering the programs will simply be given preference for any of those positions when they are taken over by the Federal Government.

Mr. LONG. Mr. President, I yield myself 3 minutes.

The Senator's amendment provides that if a State—and I assume he has the great State of Wisconsin in mind—wants to withdraw from making disability determinations under the disability program, the Federal Government has to hire its employees. Obviously, Mr. President, the people over in HEW do not want to have those employees dumped on their doorstep and I do not think anyone in a responsible position would like to be denied the right to hire whoever he or she finds qualified to do a job in the event that they are required to do it. This is not a situation, Mr. President, where the Federal Government is proposing to oust the States from their jurisdiction. As long as the State is administering this program under the law, they have the decision on whom they want to hire.

We are not arguing about that. But if the State just wants to get rid of the responsibility, vacate the premises, it is difficult to see why the Federal Government ought to be required to hire all those State employees. As I understand it, HEW opposes the amendment. The administration is opposed to it for the very logical reason that they ought to say whom they are going to hire.

Mr. NELSON. I am advised by staff that HEW does not oppose the amendment. We were assured this morning—my staff was assured this morning—by Mr. Welch of HEW that they do not oppose the amendment.

Mr. LONG. If the Department supports the amendment, Mr. President, it will have to advise me. My impression was that the Department had been consulted and advised the Senator with regard to the language of the amendment, but I have not been advised that the administration favors the amendment. Perhaps we can find out and confirm the matter one way or the other before we vote on it.

I have not discussed the matter with them personally, but that is my advice from staff, that the administration does not favor the amendment. Perhaps we can get the matter ironed out and find out more about it during the next half hour or so.

Mr. NELSON. Mr. President, let me say to the Senator, so it will follow at this place in the RECORD, under the law, if the State is not administering the disability law pursuant to the rules and guidelines in the statute, the Secretary may—may—take over the administration of the program.

No. 2, a State may turn the administration over to the Secretary of HEW. So those are the two circumstances.

All this amendment proposes is that if the Federal Government should take over the administration of the program because the State was not complying with the law, which is unlikely to happen but might, or if a State decides to yield the administration of the law to the Federal Government, which might happen in a circumstance or two or three, those employees who occupy those jobs now being paid for by the Federal Government anyway, sitting at their desks, in their offices, may continue to administer the program. There has been no change at all, really, except an exchange someplace, putting in HEW in place of the State. It is the same program, same employees, same everything.

This amendment simply says that, if that happens, the affected employee should not suddenly be without a job; that if he were qualified to administer it under the State government, if he is still qualified to do it, then he ought to be able to have that job unless the Federal Government decides, well, we are going to cut 10 percent of the employees.

They can do that if they can reduce the number. But if they are going to retain the spot, that person who already has it ought to have the preference to get the job.

I am certain the Senator from Louisiana is not arguing that they ought to be able, willy-nilly, just to fire a good, hard-working employee who has 10 or 20 years in, just because they change the title of the government that is administering the program. That is all this amendment does.

Mr. LONG. Mr. President, the Senator has been provided with some information at variance with the information provided to the manager of the bill. I hope that we are able to obtain some better advice before we vote on the amendment. I hope the Senator will withhold his amendment. If we cannot do any better, we can suggest the absence of a quorum.

Mr. NELSON. I am agreeable to laying the amendment aside temporarily and proceeding to whatever other business there is and, at such time as that question is resolved to everybody's satisfaction, we can take it up again. Is that the way the Senator wishes to do it?

Mr. LONG. I think that would be a good idea.

Mr. DOLE. Will the Senator from Wisconsin yield?

Mr. NELSON. Yes, I yield.

Mr. DOLE. Mr. President, I am sympathetic to the problem the Senator from Wisconsin has. I hope we can put our heads together and work out some solution, but I hope in the process, we do not slow down the disability determination process. I think that is one reservation some of us may have, but I am willing to work with the Senator from Wisconsin on it.

Mr. NELSON. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 749

(Purpose: To provide that the waiting period for disability benefits shall not be applicable in the case of a disabled individual suffering from a terminal illness, in lieu of providing a demonstration project relating to the terminally ill)

Mr. BAYH. Mr. President, I call up my amendment No. 749.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH) proposes an amendment numbered 749.

Mr. BAYH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 39, between lines 11 and 12, insert the following new section:

"ELIMINATION OF WAITING PERIOD FOR TERMINALLY ILL INDIVIDUAL

"SEC. 105. (a) The first sentence of section 223(a)(1) of the Social Security Act is amended, in clause (ii) thereof—

"(1) by inserting '(I)' immediately after 'but only if', and

"(2) by inserting 'or (II) he has a terminal illness (as defined in subsection (e)),' immediately after 'the first month in which he is under such disability,'.

"(b) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

" 'Definition of Terminal Illness

"'(e) As used in this section, the term "terminal illness" means, in the case of any individual, a medically determinable physical impairment which is expected to result in the death of such individual within the next 12 months.'.

"(c) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act filed—

"(1) in or after the month in which this Act is enacted, or

"(2) before the month in which this Act is enacted if—

"(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month, or

"(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable by reason of the amendments made by this section for any month before October 1980.".

On page 101, strike out lines 1 through 17. Redesignate sections 506 and 507 as sections 505 and 506, respectively.

On page 32, amend the table of contents by adding at the end of title I the following item:

"Sec. 105. Elimination of waiting period for terminally ill individual.".

On page 33, amend the table of contents by striking out the item relating to section 505, and redesignating sections 506 and 507 as sections 505 and 506, respectively.

Mr. BAYH. Mr. President. I rise today to offer amendment No. 749, a substitute

amendment to the demonstration project in H.R. 3236. My amendment would eliminate the waiting period for the collection of disability insurance for the terminally ill.

Currently social security disability benefits do not begin to accrue until 5 months after a claim is filed with the Social Security Administration. For the terminally ill, this waiting period often means they will not be able to collect those disability benefits at all, the only social security benefits they will ever be personally able to collect.

We have all received heart rending correspondence from constituents who have not been able to receive such benefits. They are usually in desperate financial situations after long and costly illnesses and are looking for some means of relief. They do not want to collect welfare. For many of them to be put on the welfare rolls at the end of their lives is the final and ultimate humiliation.

Yet even when some of them finally resort to the collection of welfare, they run into obstacles. I would like to read a couple of sentences from a letter from one of my constituents whose son-in-law was dying of a brain tumor:

My son-in-law was operated on for a brain tumor on October 11, 1978. The physician gave him 3, probably 6 months to live. They have used up what money they had and their insurance had not been in force long enough as he had just changed jobs . . . I have paid some of their rent but, since I am a widow I can not pay much on a second household . . . His regular social security checks will not start until March 3 . . . His welfare will not start until April, the end of his 6 month period . . . He is taking medicine that costs about $90 a month.

This young man died on February 24, his wife destitute, several weeks before he could collect his disability insurance check. I submit this correspondence for the RECORD.

There are those who would say this amendment costs too much money. I agree that $100 million is a lot of money. However, we must continue to be the humanitarian Nation we have always been. We must not, in my opinion, sacrifice the pride and comfort of our citizens in our efforts to save.

Almost 400,000 people will die of cancer this year. Millions will be afflicted. These people who want to receive these benefits are not asking for charity, not asking for welfare benefits, they are asking for social security benefits, benefits they have earned.

The high cost of dying of a terminal illness is something that many of us will unfortunately be acquainted with. One in four of us will either have cancer or have a relative who has cancer, not to mention other fatal illnesses. At this time in a person's life when they are spending enormous amounts of money to prolong life for an additional month or just to relieve the pain of dying how can we say the terminally ill are not special, not worthy of some additional consideration, not worth the estimated $100 million next year. I for one cannot.

I have, however, made the effective date the next fiscal year in order to expedite the budget process this year.

There are those who would say these people can collect welfare benefits. The correspondence from my constituent speaks eloquently of that problem. But, in addition, can any of us here say that if we were dying we would feel comfortable having to collect welfare benefits. If there is recourse available to these people to collect money they can feel they have earned, are we not adding to the burden of dying by saying if you have a problem you can collect welfare, become dependent upon the State in your final months even though you have worked proudly all of the rest of your life.

There are those who have said the terminally ill are not special in terms of disability. I submit they are for two reasons. First, the terminally ill are usually at the end of a long and costly illness not at the beginning of a disability. Second, these people will never collect any other disability insurance personally. They will never collect old age benefits. Two years hence they will not be collecting SSI benefits. For most of these people, according to the American Cancer Society estimates, well over 90 percent of them, the 5 months we are talking about is the only 5 months they will ever receive benefits. That alone distinguishes them.

I understand there is a possibility we may be ruled nongermane. While I do not totally understand the fine points of germaneness and would never question the technical accuracy of such a ruling I feel very strongly that on a practical level this amendment should be considered germane. It, like all the other amendments in the bill, amends the disability insurance benefit provision. It is a substitute to a demonstration project on terminal illness and section 303(b) of the bill amends the same section of the law we are amending. So, on a practical level, I do not believe it is a new subject for this bill.

I would hope that my colleagues will join me in supporting this amendment to help alleviate some small portion of the monumental financial difficulties involved in terminal illness through a means that helps maintain the dignity of the recipient because the money is earned benefits, not welfare, not charity.

The correspondence follows:

FEBRUARY 28, 1979.

DEAR VIVIANA: I wrote you about my daughter's husband.

They returned the paper giving you authority to check his records about Welfare and SSI. Well, they delayed the Social Security and Welfare checks long enough so they did not receive any. I believe they received two SSI checks. They did have a medicaid card for medicine and they got food stamps.

He passed away on February 24th.

Thanks for trying to help them.

Yours truly,

FEBRUARY 12, 1979.

DEAR MR. BAYH: I would like to have some information and possibly, some additional help for my daughter.

My son-in-law was operated on for a brain tumor on Oct. 11, 1978. The physician gave him 3 and probably 6 months as he could not remove all of the tumor.

They have used up what money they had and their insurance had not been in force long enough as he had just changed jobs. They are both 39 years old.

I have paid some of their rent but, since I am a widow, I can not pay much on a second household. My apartment is not large enough for 2 families.

My daughter was working part time at 2 places. They were getting some Social Security Supplement. Then the SS said she made too much and they reduced the Supplement $100.00. His regular SS checks will start 3–3–79.

His welfare will not start until April, which will be the end of his 6-month period. He is taking medicine that costs about $90 a month.

Would you please let me know if this is the best help that they can get. Why can't his SS start earlier and, also, why does it take 6 months before the welfare can pay. What is the maximum that my daughter can earn? She has her application in at General Motors plants in Anderson.

If there is something you can do to help, please let me know. At that time, I will let you know their names.

Thank you.

Yours truly,

To summarize very briefly, this amendment is the result of some very personal experiences that were brought to the attention of the Senator from Indiana, which I think are similar to experiences that have been shared by every colleague because we all deal with constituents who are confronted with terminal illness, basically cancer.

The problem is this. We are all familiar with the fact that we have a significant waiting period after one becomes disabled, before he or she can draw disability provisions. The basic reason is to prohibit fraud, to prevent or limit the incidence of fraud, and, as a result of keeping people off disability, to cut down the cost of the program.

One who loses a leg or is otherwise disabled does qualify at the end of 5 months and can then draw disability payments, theoretically, for the rest of his life, or her life, or through the period of the disability.

In the event one is disabled because of terminal illness and is required to wait the 5-month period, the statistics, as brutal as they are, point out that more than half of all those people do not live the 5 months. So they never qualify for disability payments.

What I would do in this amendment is, upon certification of terminal illness, permit the person to start drawing disability payments.

I point out that at a time someone has been declared terminally ill, there is a dramatic need to provide assistance. There is all the increased cost, the loss of income, and the indescribable emotional circumstances that surround a family confronted with that kind of situation.

It seems to me that is a time the Government should be compassionate and should say, if a person has been declared terminally ill, that we are not going to quibble about whether he will live 5 months or 6 months or 7 months, that we are going to permit him to qualify for disability.

Mr. President, I ask unanimous consent to place in the RECORD data relative to the cost of the program before us.

There being no objection, the President ordered to be printed in the RECORD, as follows:

From: Harry C. Ballantyne

Subject: Eliminate the Waiting Period for Disabled Persons Who Are Terminally Ill—Information

The attached draft bill would eliminate the waiting period for persons with "a medically determinable physical impairment which is expected to result in the death of such individual within the next 12 months." For the purpose of the cost estimates shown below, it was assumed that this meant death within 12 months after the onset of disability.

In preparing the estimates, it was assumed that payments for the months in the waiting period would be made to disabled persons who are diagnosed as terminally ill, but who nevertheless live for 12 or more months after onset of disability, and that there would be no requirement to return these payments. On the other hand, if an illness which is not diagnosed as a terminal illness does nevertheless result in death within 12 months, a retroactive payment would be made for the waiting period. Thus, the cost of the proposal is higher than it would be if all payments were made retroactively in only those cases in which death actually occurs within 12 months of onset, but it is difficult to estimate how much higher.

As a rather arbitrary assumption, we assumed the cost of the proposal is about 50 percent more than it would be if all payments for the waiting period were made retroactively after the occurrence of death within 12 months. The resulting estimates of additional benefit payments in fiscal years 1980–84 are shown in the following table.

Additional benefit payments

(In millions)

Fiscal year	Proposal as drafted	Retroactive payment of benefits after death within 12 months
1980	$150	$100
1981	180	120
1982	200	130
1983	225	145
1984	250	160

It is estimated that about 100,000 disabled workers would be affected in the first full year under the bill as drafted. (If all payments were made retroactively, the number would be about 75,000.)

The above estimates are based on the assumption that the draft bill is enacted in August 1979, making the proposal effective for final determinations made in August 1979 and later. The estimates are also based on the intermediate assumptions in the 1979 Trustees Report.

HARRY C. BALLANTYNE,
Acting Deputy Chief Actuary.

Mr. BAYH. I yield to the Senator from Washington.

Mr. MAGNUSON. Mr. President, the Senate is currently considering an amendment which would eliminate the 5-month waiting period for social security disability benefits for terminally ill persons. This amendment will help the terminally ill and their families meet their medical expenses.

It is estimated that as many as 1,000 cancer patients die daily in the United States.

I am now directing myself not to persons with disabilities, such as the loss of a leg, which are also serious, but to cancer patients that have been told by their doctors they just have to sit and wait until they die.

The family's shock on learning of the disease and the emotional toll on the family during the course of disease cannot be measured. Nothing we do here today can change that.

However, we can help the patient and their families meet some of the overwhelming expenses incurred during this traumatic period. We will not be doing this as any kind of special favor.

Since we introduced the bill which this amendment is patterned after, S. 1203, I have—as well as many other Members of the Senate—received many letters from cancer victims and their families supporting the repeal of the waiting period.

A common theme is noted in these letters—a loved one is ill with terminal disease and cannot get social security benefits for 5 long months. Sometimes they must wait longer than that for the benefits to be processed.

The loved one may be dead before the 5-month waiting period is up. The family has worked for years and always paid into social security. They have paid their dues.

I am then asked if the current law is fair to these people. While I could mention the need to preserve the fiscal integrity of the social security program, I do not think this response would be of much comfort to them.

It is unfair to deny social security benefits to persons who have paid for them. It is even more unfair to deny these benefits to a person and his or her family at a time when they are badly needed, before a loved one dies. By repealing the 5-month waiting period for the terminally ill we are remedying this inequity.

There are many, many thousands of cases where a doctor informs a person he has got cancer and has a short period to live. They often die before they get a chance to use the social security benefits they paid for all those years.

Mr. President, I would like to take a moment to recognize one man's contribution to our awareness of this issue—Mr. Howard Dalton, of Everett, Wash.

Mr. Dalton learned that he had terminal cancer late last year. He learned shortly thereafter that the law required he wait 5 months for social security benefits. His doctor did not think he would live long enough for him or his family to receive any benefits.

Since learning of this law, Mr. Dalton has been vigorously battling his own illness and also working on behalf of many others who suffer from terminal illnesses to acquaint the public and this Congress with the inequity in social security law. Our consideration of this amendment today owes much to his efforts.

I believe he presented some very vivid testimony before the Finance Committee in support of this amendment.

The Senate today has an opportunity to insure that duly earned social security benefits be given to the terminally ill and their families when they most need economic assistance, at the time they first learn of their illness. I hope the Senate will support this amendment to repeal the 5-month waiting period for social security disability benefits.

A Seattle Times editorial succinctly summarizes the need for this legislation. Mr. President, I ask unanimous consent that the Seattle Times editorial, "Cruel Irony Mars Social Security Law" be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Seattle Times, Jan. 31, 1979]

CRUEL IRONY MARS SOCIAL SECURITY LAW

Disabled by a cancer that doctors say will take his life within the next few months, an Everett man has been told he is fully eligible for Social Security disability benefits.

But there is a cruel irony in the case of Howard Dalton: He may not live long enough to receive any payments.

Dalton and countless other clients of the Social Security system—individuals who have shared with their employers the costs of financing it—cannot receive prompt benefits resulting from a medical impairment that can be expected to last 12 months or to end in death.

That is because the law says benefits cannot begin until a worker has been totally disabled throughout a waiting period of five months. The first month's benefit is for the sixth full month of disability and is payable early in the seventh month.

When Congress enacted the disability phase of the Social Security program more than 20 years ago (with a waiting period even longer than it is now), the objective of delaying benefit payments was to keep program costs down.

The legislation plainly ignored the plight of people like Dalton, who has been told that the most optimistic medical forecast is that "I would last 8 to 10 months as of last Thankgiving."

Dalton is more fortunate than many, in that he has sufficient private resources to pay his bills. The government provides early supplementary income aid in certain circumstances, but eligibility is confined to those with very low earnings.

Local Social Security officials say they cannot make exceptions. The law is unequivocal regardless of special circumstances. Worse, even when the waiting period is over, there are no provisions for retroactivity.

An administration spokesman says abolition or modification of the waiting period would add significantly to Social Security tax payments for workers and employers—as much as 1.25 per cent of the taxable payroll.

All of which provides a fresh argument for relieving the Social Security system of disability and Medicare obligations, shifting them to the general tax fund instead.

Meantime, the case is strong for amending the law to allow a measure of flexibility in handling claims by the terminally ill and others in unusual circumstances.

A caring and conscientious congressman would move quickly to seek just such an amendment.

Mr. MAGNUSON. Mr. President, I know that this amendment may cost the Treasury some money. If a person who pays into social security is terminally ill and dies within the 5-month waiting period, the Treasury makes some money.

That is a devil of a way to collect money, is it not?

I hope the committee will accept this amendment. It applies only to those people who have been declared terminally ill and are likely to die within a 12-month period.

Sometimes it takes 6, 7, or 8 months by the time they are through making out the papers and everything else.

I speak for the cancer victims. The Senator from Indiana talks about other disabled people. It is a shame.

I do not think any government wants to collect money because someone has the misfortune to have cancer and dies before they have a chance to use some of the money, some of the benefits of their social security funds, which is all they have.

The Treasury might make a little money, too, if they die within 2 or 3 months. Then they do not have to pay for the entire 5-month period.

This is very unfair. It is a dickens of a way for the Treasury to collect money.

Mr. HAYAKAWA addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield myself such time as I may require.

Mr. President, a parliamentary inquiry.

In due course, I expect to make a point of order that the pending amendment is not germane. However, I do not desire to prevent Senators from expressing their views on the subject, in view of the fact that the amendment is pending. I inquire of the Chair if it in any wise prejudices the rights of the manager of the bill to make that point of order if he waits long enough for someone to offer an amendment to the amendment?

The PRESIDING OFFICER. The Senator has an opportunity to make his point of order at the time of the completion of the allotted time for consideration of the amendment.

The Senator, at the same time, would not lose his right to make that point of order in the event of an intervening amendment to that amendment.

Mr. LONG. I believe the Senator from California wishes to offer an amendment.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MAGNUSON. I know there are several Senators—who are not in the Chamber at this time—who want to speak on this amendment, including my colleague from the State of Washington, Senator JACKSON. I am sure the Senator from Indiana is not through, either.

Is the Senator from California going to speak to this amendment?

Mr. DOLE. No.

Mr. MAGNUSON. Could we set aside this amendment temporarily?

Mr. LONG. Mr. President, I believe I should speak to the amendment for a few minutes, because it will be my reluctant duty to oppose the amendment, and I think I should explain my reasons.

The disability program has cost the Treasury far, far more than anyone ever estimated. It was the privilege of the Senator from Louisiana to support the disability program when it first became law. At that time, we represented to the Senate—those of us who were sponsoring the amendment—that this was going to cost about one-half of 1 percent of payroll. This program now is costing us about 2 percent of payroll. It is costing us about $15.6 billion.

That is the case because of an element of compassion that exists in almost every human being which tends to cause one's sympathy to go out to a person who is partially disabled, even though that person may not be totally and permanently disabled as required by the law.

Because of that, when people take appeals from the decisions in the Department of Health, Education, and Welfare, or before the examiners at the State level, who are not known as people with hearts of stone, about 50 percent of the time the appeal is successful. In the event it is not successful, and they go to court with it, about 50 percent of the time they win the lawsuit.

If we were required to waive the waiting period, the additional cost to the program would be about $3 billion a year, or almost another one-half of 1 percent of payroll; and that would have to be paid in addition to the social security tax increase which everyone in Congress is worried about at this point. Of course, that is not being proposed in this amendment.

This amendment is estimated to cost $850 million over the 1980–84 period, and $165 million in the next year.

Mr. MAGNUSON. Is that for a 3-year period?

Mr. LONG. $165 million in 1981.

Mr. MAGNUSON. I wish the Senator would say the annual cost.

Mr. BAYH. They are not the figures I got from Social Security.

Mr. LONG. I understand.

Mr. President, let us discuss the case of cancer, for a moment or two.

I have known a lot of people who have had cancer and who have had terminal illnesses. In my experience, I am not familiar with any of those people being fired from their jobs or ousted from their positions because they had cancer.

I know of a lot of brave people, many of whom were friends, who carried on courageously until the very end, until they were bedridden and simply could not perform.

I recall one good example of a very fine man who was a good friend of mine. He was working for the Federal Government. This person had terminal cancer. He was determined to carry on and did so, bravely.

I was discussing his situation at one time with the President of the United States, at the White House, and the President insisted on giving the man a telephone call and congratulating him for the fine job the man was doing for his country, and the man appreciated it very much.

In due course, we found that some of his fellow employees wanted this man to retire. Under the Federal law, as a Federal employee, he could have taken retirement partly because of his illness. This person was outraged about it. It turned out that his fellow employees felt that they would be promoted. About four or five people on the ladder would move up one step if this man stepped aside. So his fellow employees would have liked him to retire so that they could have a promotion.

What usually happens in cases in which a person has a terminal illness—cancer, in particular—is that his fellow workers share some of his burdens so that that person can do the job to a greater extent that he would otherwise.

We can find no more obvious example than that of Hubert Humphrey, one of the great Senators of all time, who served with distinction right until the last couple of weeks before the good Lord called him home.

I recall Dr. Schuler, on the "Hour of Power," tell about how Hubert Humphrey's family called Dr. Schuler and urged him to talk to Senator Humphrey; and the doctor urged him to go back to the U.S. Senate because the Senator was not doing anything by being at home and suffering the pains that accompany cancer.

The Senator returned; and I am sure that everyone who was here to witness his return regarded it as one of the most impressive things they have seen in the U.S. Senate—the magnificent speech that courageous man made, and the inspiration he gave to every Member of this body while he was suffering from cancer, until nearing the end.

I recall sitting with that great Senator in one of the rooms just off the Senate Chamber and hearing him say that he was not going to go quietly; that he was going to go out with a whoop; that he was going to stand here until the end and advocate things in which he believed.

But, if someone had to get out of bed late at night to come down here and make a quorum we would not have demanded that Hubert Humphrey do that. That is something the rest of us could do. Likewise, on some of the tedious work that need be done, other Senators would be perfectly content, and glad to share the burden, because one of their Members was ill. That is usually what happens.

Just this morning, coming to work, I was discussing this very fact with a lawyer who, in my judgment, is a very great lawyer, a very talented, able man. I mentioned the fact that, to my knowledge, I know of no one who has been fired from his job because he had cancer. This particular lawyer said that, in his firm, they had four lawyers with cancer. One of them just got through negotiating a renewal of his contract with the firm, and they gave him a pay raise.

Just because you have cancer does not mean that your brain is not functioning. It does not mean that you cannot do anything.

Mr. President, when we tell people with cancer, "You are going to die, you are disabled, you cannot do anything," it tends to make those people give up. They should be encouraged to try and live as long as they can and make the best contribution that they can.

We had a very impressive witness come before the committee, and he was well known to the Senators from the great State of Washington, testifying for the amendment. It turns out that the witness himself was one of the best examples of why the amendment should not be agreed to. That was a man, himself, who had such a problem, making a very noble and fine contribution. He was a useful citizen of this society and he was continuing to make a substantial contribution.

If we are going to waive the waiting period for people who have cancer, well knowing that those people can make a contribution, they are not totally and permanently disabled, they can still make a very useful contribution, then how do we justify not waiving the waiting period for those who actually are disabled and cannot do anything, nothing whatever?

In other words, far more than one who has cancer but who can make a useful contribution and can do his job and, in fact, can do it, how do we justify not waiving it for those people who are, in fact, disabled and, in terms of the statute, let us read that language there. Here is what the statute says. Let me read the exact words. I will ask the staff to find those words. Let me read:

> The term "disability" means (a) the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of time not less than 12 months.

Then it goes on.

Mr. President, the key words here are "inability to engage in any substantial gainful activity."

The reason that the program is costing four times the estimate, the reason it is costing $14 billion rather than $4 billion is that of the compassion of people to find ways to declare a person unable to engage in any substantial gainful activity when in fact that person is able to engage in a substantial gainful activity.

Mr. President, under our present budget we are confronted with a situation where there is more money being spent on social welfare programs than there is on the defense of the Nation. The defense of our Nation has had a smaller and smaller share of the budget to the extent that if we were required to go to war with the greatest military power in the world we would have to put our young men in the air to attack that great military power in airplanes that are 30 years old.

Who would like to have his son take off to attack the greatest military power in the world in 30-year-old airplanes? I would hate to try to get somewhere in a 30-year-old automobile, much less in a 30-year-old airplane. But we would be confronted with that.

We have old ships that are not adequate for the needs of a modern-day Navy. We do not have the tanks, and we certainly do not have the modern tanks we should have for the fulfillment of our defense commitments. We need far more than just a 5-percent or even a 10- or 12-percent increase in our purchase of hardware. We should have a 100-percent increase.

We are not providing adequately for things that are vital to the survival of this Nation. And we go ahead, Mr. President, spending more and more money on social services where it is not absolutely necessary.

I have struggled in the vineyards of economy from time to time, and it is the impression of this Senator that what wrecks our budget is not the outright waste, it is not the case where someone is stealing money, or spending money that has no justification for it, but it is the case of marginal spending, spending on things that are not absolutely necessary.

Mr. President, in the social welfare areas we have a great number of examples. Just to give one, no one ever thought when we started the unemployment insurance program that it was to be a guaranteed vacation with pay program and yet, in many cases, it has become one.

For example, one of this Senator's friends retired recently from Exxon in Baton Rouge, La. He had earned a good retirement and he took advantage of it. I was shocked when I heard that someone told him he should go down and apply at the unemployment office because he could get a year of unemployment benefits to supplement his retirement benefits—under a very fine retirement program in and of itself, supplemented by the social security payments.

The man at the time said it looked to him like that would be just stealing to go down and take this unemployment money in addition to the social security pension, and in addition to the private pension that was available to him.

But the people said, "Look, all the rest of them do it, and you ought to do it too."

Then, Mr. President, I looked into the matter and found that in some States legislation has been passed not only to implement this approach, that a person who has earned a generous retirement would be paid the unemployment insurance money as well, but I learned that in some States they have actually passed laws through the legislature to require the employer to advise that employee that when he retires he can have unemployment benefits as well as having a private pension and as well as having a social security payment.

That is just one example of areas where we are spending just a lot of money.

It is the judgment of some Senators on the Committee on Finance that in the unemployment area alone there is at least $3 billion a year of unnecessary spending. This is not to say that this benefit for retirees might not be helpful, it might not be comfortable, or it might not be justified under certain circumstances. This is merely to say that we could get by without having a program that would pay people unemployment benefits when they have actually retired and are not available to take a job somewhere.

Now, this case, Mr. President, of course, has a lot of sympathy, to support it. All I can advise the Senate is that the more we get into this thing, the more it costs, and the more it will cost. The more you do this sort of thing, the more you will do. The more precedents you set like this, the more precedents you will have to set. The more you extend these programs, the more you will be required to extend them in the future.

How can we tell these people who are not actually disabled to the extent that they can have gainful employment that they must have no waiting period when we have other people who are truly disabled who would be required to have the waiting period?

Yes, I have complete sympathy with those people. But, Mr. President, if I should be taken down with cancer tomorrow, I would not resign from the U.S. Senate. I would continue to carry on, and I would somewhat resent anyone suggesting that I should declare myself disabled because I had cancer.

I would hope, Mr. President, that we would recognize that as much as we like to do some of these things there is a limit to the capability of the taxpayers to pay for all of that, and this program is far beyond its estimate already, and should not be drastically expanded with a floor amendment of this sort.

Now, in due course, I will make a point of order, Mr. President, because I believe the amendment is not in order. But I did feel it was my duty to display my reasons why, on the merits, I do not believe the amendment should be voted by the Senate.

Mr. MAGNUSON. Mr. President, will the Senator yield for a question?

Mr. LONG. Yes.

Mr. MAGNUSON. I have figures, and I think the Senator from Indiana has figures, from social security that this will cost approximately $100 million a year. I agree with the Senator. I have to struggle with these appropriations all the time.

The Senator, however, mentions all of these abuses of unemployment insurance. Well, let us take $100 million out of there, or $200 million, or $300 million, or $400 million, and put it someplace where it is a question of whether this is fair or not. It is not a question of whether you have cancer. It is a question of when you are declared terminally ill and are going to die, a certain period of time, maybe 1 month, maybe 2 months, maybe 3 months, and you have to wait, you paid in social security all your life, and I just do not see the comparison between some of the ways the Senator points out in social security and what we adequately trim in order to take care of a situation that is obviously unfair to people who have paid in social security.

I have a figure that it costs about $100 million a year.

Mr. LONG. Mr. President, just permit me to say this: We are going to have to cut back on social security.

Mr. MAGNUSON. You can cut back on all kinds of things.

Mr. LONG. Not to finance other things—we will have to cut back just to stay within the budget resolution. I will have to do it. It was my painful duty to

do that. We voted for the budget process, and when the Senate passes a budget resolution we have to provide for that.

Mr. MAGNUSON. You are revising social security, on which you have done a good job, but this is being very unfair. We cut back about $6 billion in social security—I mean social needs in the Appropriations Committee.

Mr. LONG. Let me just make a point, Mr. President.

Mr. MAGNUSON. Last year we cut cut back, I might say to the Senate, $8 billion, $8.1 billion.

Mr. LONG. Mr. President, it might shock some people to hear this, but every person within the sound of my voice is going to die. Every last one of us will die. It is just a matter of when.

The question of whether we are going to pay these disability benefits out depends really under the law upon the extent to which a person is disabled. We have a waiting period. Here is just one good example—here is a Mr. Dalton, a very fine, impressive witness, testifying before our committee for this amendment.

He said he was told by the doctors in November 1978 that he had 6 or 8 months to live.

When he was testifying before the committee, that was 12 months later, and the man showed no signs of being in extremis at that point.

Mr. BAYH. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. BAYH. I think, with all respect—I know how compassionate the Senator from Louisiana is, and I know how sensitive he is to spending money—but I have to say that the Dalton example and the Humphrey example argue for the point expressed by the Senator from Indiana and the Senator from Washington that those people would not qualify for for disability. Those people would not be covered under this.

What we are after is not somebody who is going to be fired because he has cancer, because most cancer patients want to work as long as they can. But when the good Lord gets ready to grab hold of you, and you are in that bed, and you cannot work, what we are saying is you ought to have a chance to get some of that social security you paid into the social security system to pay for the groceries and for your children. That is all we are saying.

I appreciate the Senator's yielding.

Mr. LONG. Mr. President, we have a program that is costing $15 billion a year. By current standards it was supposed to be costing us $4 billion a year. How do you account for the fact that it is costing four times what we estimated? Well, the reason, Mr. President, is when someone comes in with a compassionate situation the people in the Department who see that are inclined to go along with him because they feel sorry for him, and I do not blame them. I would tend to be the same way if I had that job.

Likewise when they appeal it. Then the person who hears it on appeal is inclined to allow benefits.

Then, if they lose their appeal, they take the case to court. What does the judge do? He looks at that person and sees there a person who, for all we know, might be on a job right then, might be working on the job, but the person makes a pitiful case before the judge, and what does the judge do? He decides the person is disabled and he puts him on the rolls. He knows he fudged on the law, but he goes back home and sleeps well that night. He knows, although the person was not totally disabled, he felt like he did a good deed like he did.

Mr. President, I have done things like that in one respect or another and felt proud about it.

I recall one time a young man went over the hill and was gone for a long time. I reviewed that court-martial and found an excuse to throw it out on a technicality. I recall that my superior in the Navy asked me how could I do that on that technicality. I was saying that a muster roll that was certified by Randall Jacobs, the head of personnel of the U.S. Navy, was not a muster roll. That was a technicality because it was only an excerpt from a muster roll. I said, "Randall Jacobs will never challenge this. This will be the kind of case that will make you shed a tear when you see what happens with that young man, and there will not be any argument from Randall Jacobs or anybody else," because nobody would dare challenge what I was suggesting, or what was actually happening in that pitiful case.

So when people see people who are not totally and permanently disabled as the law requires, but who are sick, who are ill, who are going to die, their compassion reaches out and they will say they are disabled even though they know those people can still make a contribution, they can still be useful. Many times they are doing it at the time they are making that application.

To waive the waiting period, Mr. President, because the man is about to die—well, there is no better excuse for doing it in that case than it is for doing it in a case where a person is totally disabled and cannot do anything at all.

Mr. BAYH. Mr. President, I yield 5 minutes to the Senator from Washington (Mr. JACKSON).

Mr. JACKSON. Mr. President, I am pleased to join with Senators BAYH and MAGNUSON, and 28 other Members of the Senate, in sponsoring this amendment to H.R. 3236—the social security disability bill which is now before the Senate. Our amendment will provide immediate disability insurance benefits to terminally ill persons—benefits they often desperately need. Under current law, all disabled persons are required to wait 5 months before receiving disability benefits, regardless of the immediacy of their needs or prospects for recovery. This creates an inequitable situation whereby terminally ill patients receive no help from social security during the first 5 months of their disability, and will, in fact, never receive assistance from the fund if they die during that period. Social security benefits are not paid retroactively, and therefore, an individual afflicted with a terminal illness may be without means to meet the high costs of medical attention and care so often needed during the last months of their lives. Quite simply, at a time when these persons most need assistance, and after they have paid into the system for insurance against this very type of tragic occurrence, they cannot obtain it.

Mr. President, this is a situation that begs for remedial action by Congress, and I believe that the amendment we are offering today to the social security disability bill offers the sort of relief that is warranted for those who are suffering from a terminal illness and are incapable of work.

Thousands of Americans each year discover that they are afflicted with a terminal illness and then must face the prospect of dealing with a Government agency which to them appears uncaring and unmindful of their desperate needs. In this regard, the Senate Finance Committee has itself recognized the needs of the terminally ill by including within the disability bill authorization for the Social Security Administration to participate in a demonstration project conducted by the Department of Health, Education, and Welfare. This project would study the impact of current provisions of the disability program on the terminally ill to determine how best to provide benefits to these people through Social Security Administration programs. The committee has recommended that $2 million be appropriated for participation in this demonstration project.

Mr. President, I believe that this provision in the bill indicates that the Finance Committee recognizes the terminally ill as a distinct class of benefit recipients who deserve special attention, and recognizes there is a difference between one who is dying and one who is suffering a long term disability. But the fact is, we do not need to spend millions for studying their plight. We know that the terminally ill need social security benefits immediately upon determination that they are completely disabled and that death is impending. Their need is buttressed by the fact that they have quite often exhausted their own financial resources by the time that it is determined that they can no longer work, and the fact that most terminally ill individuals die within the five month waiting period after they have been determined by the Social Security Administration to be totally disabled. The consequence is that most terminally ill patients never receive social security disability insurance benefits.

Mr. President, I have become personally aware of the needs of the terminally ill over the past few months as a tremendous number of my own constituents have written in support of the measure we are offering today. Their plight has been championed by a man from my own home town of Everett, Washington, who is himself plagued with virulent lung cancer and has been told that he must put his affairs in order and prepare to die. His name is Howard Dalton, and he

has valiantly fought to see that the law we are considering today is amended to take care of those who most need assistance. I believe that their needs and his efforts should not go unrecognized as their cause is both just and reasonable.

Mr. President, my own investigation into this problem leads me to believe that the amendment we offer today is adequate to meet the needs of the terminally ill, and is well tailored to meet the fiscally conservative standards which we have set for ourselves when considering programs which will add additional, and potentially costly, benefits to the social security program. In this regard, it is my understanding that the Social Security Administration estimates that the program will cost an additional $100,000,000 if implemented for an entire year, and will cost much less if implemented during this fiscal year. This is not an exorbitant amount when it is considered that it will help thousands of Americans to meet the financial crisis which often accompanies terminal illness. I would hope, therefore, that the Senate will give serious consideration to our measure and amend the Social Security Act to provide disability benefits for the terminally ill.

Mr. President, I yield back to the floor manager the remainder of my time.

Mr. BAYH. Mr. President, I deeply appreciate the concern expressed by both Senators from Washington. I think what we are trying to do does not create wasteful programs, but we are trying to deal with very unique problems of pain and suffering.

I yield 5 minutes to the Senator from Tennessee (Mr. SASSER), who is, unfortunately, in a uniquely qualified position to speak with personal experience on this matter.

Mr. SASSER. Mr. President, I thank the distinguished Senator from Indiana for yielding.

Mr. President, today I rise in support of the amendment offered by my friend from Indiana (Mr. BAYH). I want to commend the Senator on his initiative and timeliness in introducing this proposal to eliminate the 5-month waiting period for terminally ill disability applicants.

Mr. President, it is appropriate that the Senate take this action today. The elimination of the 5-month waiting period will help remove an onerous financial burden from terminally ill workers and their families, who are already carrying burden enough.

The 5-month waiting period translates into a 6-month process, Mr. President. Benefits are paid only for the first full month after the waiting period, meaning the applicant's first benefit check arrives during the seventh month. Prior to 1972, the waiting period was 6 months; benefits were not received until the beginning of the eighth month. And despite the financial hardships faced by the terminally ill worker, the law requires a waiting period to reduce all doubt of possible recovery. Tragically, the worker may never survive the waiting period.

The law thus denies timely benefits to terminal patients who have contributed to the disability trust fund. The contributions were made in good faith, with reasonable assurance that the worker would be able to reap some limited benefits from his contribution. And a technicality, Mr. President, a mere technicality denies terminally ill disabled workers from receiving benefits when they are of critical importance.

Let me quote the words of Justice Cardozo, in *Helvering* v. *Davis* (301 U.S. 619):

> Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation. What is critical or urgent changes with the times. . . The hope behind this statute is to save men and women from the rigors of the poor house as well as from the haunting fear that such a lot awaits them when journey's end is near. . .

The 6-month waiting period, as well as the present 5-month process, were established at a time when medical diagnosis techniques were imperfect. Terminal cases could not be diagnosed with certainty. Due to improvements in education and technology, diagnosis techniques are more sophisticated. Little doubt usually exists over the terminal or nonterminal nature of an illness.

Terminal patients often suffer from mental anguish as well as a physical impairment, due to worries over financial matters. This fact can be seen in a letter I received from the wife of a disabled constituent:

> I am writing to thank you for getting my husband his disability, which will start in May if he is still living. . . . that really helped him to know that we could look forward to some sort of income.

Unfortunately, this constituent died in March, exactly 5 months after his application for disability benefits.

Objections have been raised to the amendment based on its cost. It is true that it will require some $82 million in new money. The Social Security Administration, however, predicts that on the average, only 2½ months of the 5-month period would be used. This could translate into a cost savings for social security as funds are distributed more efficiently over a relatively short time span.

The average benefit available under this amendment is only $320 a month; $320 a month, Mr. President, for medical costs that averaged $19,054 in 1972, according to a study done by Cancer Care, Inc. That is roughly $25,000 in 1979 figures.

Ideally, we would now be considering the elimination of the waiting period for all disability applicants. The case of the terminally ill worker is urgent, however. Medical costs continue to increase, and the specialized care needed by the terminal patient repidly exhausts any available funds.

I see this amendment as a new beginning, Mr. President—one step toward making Government programs more responsive to the needs of the people they are supposed to serve. As Justice Cardoza said, "What is critical or urgent changes with the times." The time for action is overdue.

I urge the Senate's approval of the proposal.

I thank my colleague from Indiana.

Mr. BAYH. Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER (Mr. STEVENSON). The Senator from Indiana has just under 11 minutes.

Mr. BAYH. Mr. President, I point out that I have always found and have known the Senator from Louisiana to be a very compassionate individual who likes to help people. And it is only because of the extreme urgency of this particular question and the fact that if we do not attach it to this particular bill the ball game is over for the rest of the session. This is why the Senator from Indiana would resort to this particular procedure.

I also point out that the measure which is being added to this particular bill at this time has been in the Finance Committee for some period of time. It is not something on which we are catching anyone by surprise. I just want to alert my colleagues in the Senate of that.

We are talking about individuals who qualify for disability insurance. Someone who meets the criteria described very graphically and dramatically by the Senator from Louisiana would not be qualified under this amendment.

Hubert Humphrey for example, worked right down to his last breath. The worker who is helped by his coworker so he can continue to draw a check, by definition, does not qualify as disabled.

What we are talking about here is not someone who is qualified to be gainfully employed but someone who is not.

It was mentioned that nobody has been fired because they had cancer. That may or may not be the case. But the fact of the matter is that cancer has a very devastating impact on human beings. I suggest that it is going to be very difficult to find anybody, an auto worker for example, who cannot check in at that clock every morning will remain on the payroll because if he or she is not working, if they are not turning the nuts and bolts on that production line, they are not being paid.

We are talking about someone who, because of physical disability, created by a terminal illness, cannot work, cannot maintain any substantial employment, in accordance with the specific wording in the law already referred to by my good friend and chairman of the Finance Committee.

I must say we are talking about a rather unique kind of individual. I think the Senator from Louisiana pointed out that for most people who have cancer, who have a terminal illness, the therapy is to make each day count, to make it as productive as they possibly can. They try to ignore the fact that their time is limited and create as much opportunity for themselves and their family as they possibly can, as long as they have the strength to do so.

Because of the very nature of cancer as a disease, most of the patients I have had the experience to know will put off as long as they possibly can succumbing to disability and therefore resorting to using this provision.

I suggest when the time comes when they cannot lift up their hand or their head, then it seems to me it is time for the Government to say, "We are going to help provide for you and your

family during the last years of your life with money from a source into which you have been making contributions all your working life."

Now, I want to talk about the cost, because we are all very cost conscious. I have to confess to my colleagues that the real fact is that social security cannot give us good information on cost. However, I refer my colleagues to the estimates we received from the distinguished acting deputy chief actuary which I have already placed in the RECORD, who points out that, as drafted, this will have a total cost, in talking about a whole year for all citizens, of $150 million. Interestingly enough, if they had it paid retroactively, it would only cost $100 million. Mr. Ballentine then says that it is "a rather arbitrary assumption" because they really do not know.

The reason I think the retroactive level is probably more accurate is that the very nature of cancer and the very nature of terminal illness makes it almost impossible to defraud the system. So I think we are not going to have that extra amount that is mentioned in the advance payments assessment but rather will come closer to what social security said would be retroactive payment.

It is going to cost more than that next year. Social security said as a retroactive payment, if they use that figure, it is $120 million, and if it is paid in advance it is $180 million. Somewhere in that ballpark is probably what it is going to cost.

I would like to suggest I do not know of a better way to try to deal with the inequities that exist in the system than to pass his amendment. I cannot think of anything more inequitable than the system which presently exists, where a person can pay into social security all their life, and if they lose an arm or a leg and live for another 10 years they can receive disability payments. But we are not dealing with that situation.

The Senators from Washington, Tennessee, and Indiana are dealing with a situation where that person pays in all their life, gets cancer or some terminal illness, with a doctor certifying that they are terminally ill, and the statistics showing that they will probably not live the 5 months necessary to qualify. They cannot even get their social security money out of their account to help pay for their family expenses while they are dying. I do not want to be overly dramatic, but that is what we are asking.

Someone who has statistics to show that other disabled people they will not live long enough to cash checks on their own social security fund should be permitted to do so.

Mr. LONG. Mr. President, the Department of Health, Education, and Welfare is opposed to the amendment even though those in that department understand the problem. They point out that because of the uncertainties involved in these matters, there is no way of really knowing that a person is going to die within 12 months. Some people will live longer than that and some people will not live that long.

I point out, Mr. President, that it is difficult to see why we should deny one person who is totally disabled the benefit accorded to someone else. This would put pressure on doctors to certify that they think people are going to die in 12 months when the doctors do not really know.

As I say, Mr. President, if we extend this principle, that these totally disabled people should have the waiting period waived in compassionate cases—generally, every meritorious case is a compassionate case—I do not see for the life of me how we could decline on subsequent bills from extending this further.

The cost of extending the provision to all the disabled will be $3 billion a year. The pending amendment, of course, is a compassionate amendment. But, Mr. President, that extension is a matter we must eventually confront.

Mr. President, I must make the point of order that there is nothing in this bill which has to do with the waiting period. This amendment is to waive the waiting period and, as such, Mr. President, the amendment is not germane to this bill. When the time expires, I will have to make the point of order that the amendment is not germane. Under the unanimous-consent agreement, the amendment cannot be considered.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. BAYH. Mr. President, unless there are others who want to talk on this, I do not want to appear at a disadvantage, although I have found that RUSSELL LONG's arguments can be made succinctly and no matter what you say afterwards it is pretty hard to keep up with them.

May I not prevail on the Senator from Louisiana, though he has made a good case—not to the Senator from Indiana—could we not let this rise or fall on the basis of a vote and not have the question about whether it is germane or not?

Mr. LONG. Mr. President, I will have to make the point of order. I will withhold the point of order until Senators have made their statements.

Mr. DOLE. Is there any time remaining?

Mr. BAYH. I am happy to yield whatever time I have remaining to the Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas has listened to the debate and I was present when the constituent of the Senator from Washington testified before the Finance Committee with very moving testimony. This is one of the issues we do not really like to confront. As the Senator from Louisiana pointed out, there are inequities in it. I believe there are others who are totally disabled, with spinal injuries and other injuries, who perhaps should be included. If we start that, I guess the cost goes up to $3 billion.

I have discussed this with a lot of people in my State of Kansas who feel very strongly about eliminating the waiting period. I assume that, to some, it is heartless if we do not do that.

The Senator from Kansas prepared two statements, one in favor of the amendment and one against the amendment. That is how flexible this Senator is on the issue, because it is a tough issue. We discussed it in the Finance Committee and we decided to include money in the bill for a demonstration project to test various means of aiding the terminally ill in lieu of eliminating the waiting period at this time.

I certainly sympathize with these individuals and their families. Certainly, there are some on this floor who have had personal contact with the tragedy of cancer. But the issue just does not exist in a vacuum. If we eliminate the waiting period for individuals who expect to die within 12 months, what are we going to do for those who are going to die in 12½ months or 13 months or 14 months? That is one of the points that troubles the Senator from Kansas.

Do we let the family doctor make the determination of terminal illness or do we require at least two doctors' opinions? What do we do with people who will live for a number of years with an expensive disability and have considerable medical bills?

Mr. BAYH. Mr. President, if the Senator will yield, would the Senator feel more comfortable with this if we required two doctors to attest to this terminal illness?

Mr. DOLE. That is one of the suggestions the Senator from Kansas is going to make at the appropriate time.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. LONG. Mr. President, I yield myself 1 minute on the bill to make the point of order that the amendment is not germane to the bill.

Mr. BAYH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Is it possible for the Senator from Indiana to modify his amendment to require two doctors' opinions instead of one? I want to be absolutely certain that anyone who is concerned about the fraud question of this issue will have his mind relieved.

The PRESIDING OFFICER. The Senator does have the right to modify his amendment.

Mr. BAYH. I offer such a modification and ask that it be inserted in the proper place, that two doctors be required to testify to the terminal illness of the patient.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 39, between lines 11 and 12, insert the following new section:

"ELIMINATION OF WAITING PERIOD FOR TERMINALLY ILL INDIVIDUAL

"SEC. 105. (a) The first sentence of section 223(a)(1) of the Social Security Act is amended, in clause (ii) thereof—

"(1) by inserting '(I)' immediately after 'but only if', and

"(2) by inserting 'or (II) he has a terminal illness (as defined in subsection (e)),' immediately after 'the first month in which he is under such disability,'.

"(b) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"'Definition of Terminal Illness

"'(e) As used in this section, the term "terminal illness" means, in the case of any

individual, a medically determinable physical impairment which is expected to result in the death of such individual within the next 12 months and which has been confirmed by two physicians in accordance with the appropriate regulations of title XX.'.

"(c) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act filed—

"(1) in or after the month in which this Act is enacted, or

"(2) before the month in which this Act is enacted if—

"(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month, or

"(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable by reason of the amendments made by this section for any month before October 1980.".

On page 101, strike out lines 1 through 17.

Redesignate sections 506 and 507 as sections 505 and 506, respectively.

On page 32, amend the table of contents by adding at the end of title I the following item:

"Sec. 105. Elimination of waiting period for terminally ill individual.".

On page 33, amend the table of contents by striking out the item relating to section 505, and redesignating sections 506 and 507 as sections 505 and 506, respectively.

Mr. METZENBAUM. Will the Senator from Indiana yield so I may ask to be added as a cosponsor?

The PRESIDING OFFICER. The Senator from Indiana has no time.

Mr. BAYH. Mr. President, I ask unanimous consent that the Senator from Ohio be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The point of order having been made that the amendment is not germane and the bill is being considered under an agreement which reqiures that amendments be germane, the Chair sustains the point of order on the grounds that the amendment does inject a new subject matter.

Mr. BAYH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Parliamentary, may the Senator from Indiana, having consulted with the two Senators from Washington, the Senator from Tennessee, and others, now, in order to get this issue joined, appeal the ruling of the Chair?

The PRESIDING OFFICER. The Senator may do so.

Mr. BAYH. Mr. President, with all deference and respect to my good friend, the Senator from Louisiana, who has a very difficult burden to bear, and with great respect for the present Presiding Officer, who is put in a rather difficult position at this moment, I must, in order to join this issue, respectfully appeal the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. There are 20 minutes on the appeal, equally divided.

Who yields time?

Mr. LONG. Mr. President, I yield myself such time as I require.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, when the Senate votes cloture and when the Senate enters into a unanimous-consent agreement, that is a compact among Senators to abide by their agreement. For the Senate to overrule the Chair in a situation of this sort is to stultify itself and to break our agreement when we entered into a unanimous-consent agreement. The advice of this Senator, every step of the way, has been that this amendment is not germane to the bill. There is nothing in this bill about the waiting period. This adds a totally new issue to the bill, it is not germane to the bill, and it does not fall within the unanimous-consent agreement.

Mr. President, Senators ought to stop this kind of thing, coming in here after they have made a unanimous-consent agreement and asking Senators to stultify themselves by saying something is germane when, under the rules, it is clearly not germane. This amendment is not germane to the bill.

To say we want to vote on the issue and, therefore, we want to ask the Senate to stultify itself and break a gentleman's agreement among Senators that we are going to bring this amendment up, it will be considered, and then to seek, by a majority vote, to break an agreement that is entered into by unanimous consent, Mr. President, is something that the Senate should not do.

Mr. President, the Senator should withdraw his appeal. I plead with him to do that. If he does not do it, of course, it shall be my duty to vote to sustain the Chair because the Chair has done his duty. Quite apart from the merits of the amendment, the Chair has done what any conscientious Presiding Officer, advised by the Parliamentarian, would be required to do under the circumstances.

I hope we are not going to try to set these precedents, bring up an amendment and when one in advised that the amendment is not germane to the bill and when we have had a ruling that the amendment is not germane, then insist on forcing Senators to vote on a motion to overrule the Chair, or ask Senators to overrule the Chair, to try to say it is germane when it clearly is not. The Parliamentarian, I must add, has clearly advised that that is so.

Mr. MAGNUSON. Mr. President, section 505 of the bill states:

The Secretary of Health, Education, and Welfare is authorized to provide for the participation, by the Social Security Administration, in a demonstration project relating to the terminally ill which is currently being conducted within the Department of Health, Education, and Welfare. The purpose of such participation shall be to study the impact on the terminally ill of provisions of the disability programs administered by the Social Security Administration.

It seems to me that this amendment is germane to that section of the bill. It mentions terminally ill. It mentions the program. It mentions the administration of the program and a study of the impact of the terminally ill provisions, specifically the terminally ill provisions, of the disability programs mentioned in the act.

I cannot see why it is not germane to that section of the bill. It mentions the terminally ill, specifically we are suggesting that the law be changed to carry out section 505 in a way that delivers services to the terminally ill.

Is that not what this amendment is all about? I suggest that the appeal from the Chair is well taken.

Mr. BAYH. Mr. President, will the Senator yield?

Mr. MAGNUSON. Yes, I yield.

Mr. BAYH. Mr. President, I must say that I think the assessment of our distinguished chairman of the Committee on Appropriations is very relevant here. Not only is he the chairman of the HEW Subcommittee on Appropriations and has a pretty good idea of what is relevant and germane in HEW and what is not, but he is also chairman of that committee that appropriates all the money and understands the critical nature of the expenditure, the importance of examining carefully where we spend dollars.

I suggest that it is very difficult—in fact, it is impossible—for the Senator from Indiana to see, if we are talking about germaneness—not the rightness of a provision, how the effort that we are making to say that if you have terminal illness, you should qualify for disability payments, can be nongermane to the language—and I quote as the Senator from Washington did—"to study the impact on the terminally ill of provisions of the disability programs administered," and so on.

Now, I do not know of a more germane issue. I do not know how anything can be germane if this is not germane.

I say this to both my distinguished colleagues, who play such an important role in the Finance Committee and are so ably managing this bill. I say this not in criticism, but so the record will be clear for those who have not studied this measure as closely as some of us who have been personally involved.

As far as the compact is concerned, as far as trying to avoid slipping something over that is unexpected is concerned, this amendment has been resting in the Finance Committee for some time. It has been clearly understood that we were trying to get an amendment to this bill for some time. It was heard in the committee because of the courtesy of the chairman. It was fully understood, I thought, that this measure was going to be presented on the floor at the time it was on the floor. But for circumstances which I still cannot fully understand, the unanimous-consent agreement was entered into without the Senator from Indiana knowing about it.

I take the blame for that. I am not

suggesting anything was tried to be slipped over on the Senator from Indiana. I hope none of my colleagues feel that we are trying to violate some compact by slipping something unexpected or unforeseen on them at this time.

I know at least 50 Members of the Senate who are cosponsors, or said they would support this measure, who fully expected a chance to vote on the merits of this measure at this time.

I regret, because of the parliamentary situation, we have to present the question on the point of order instead of on the merits.

Mr. LONG. Mr. President, section 505 of this bill, to which reference has been made, authorizes appropriations from general revenues for the Social Security Administration to participate in a demonstration project to study the impact of the present program on the terminally ill and how best to provide services to help them. The Bayh amendment provides an entitlement to benefits payable from the Social Security trust funds to terminally ill persons.

It is an entirely different program.

Mr. President, the mere fact that the bill says something about the terminally ill in the course of the bill does not authorize any new benefit for the terminally ill. A study is not a vast new entitlement program. It is an entirely different matter.

Everyone knows, Mr. President, that the cloture rule and the unanimous-consent rules on germaneness are a very narrow proposition in the Senate.

If the Senator had an amendment that would seek to expand the appropriation authorization in the bill, that might be different; to expand the authorized study in the bill might be germane. But here we have a whole new program that would cost, over the first 5 years, over $1 billion.

The Senator is saying that his amendment is germane because we have something in the bill that authorizes an appropriation—not an entitlement, but an appropriation—to have an experimental study with regard to a demonstration project on the terminally ill.

Mr. President, this Senator has been advised from the very beginning that this amendment was not germane to the bill. He looked into it, studied it, and the Parliamentarian did likewise.

Mr. President, the Chair should be upheld.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, who has time?

Mr. LONG. How much time does the Senator desire?

Mr. DOLE. Two or three minutes.

Mr. LONG. I yield 3 minutes to the Senator.

Mr. DOLE. Mr. President, I want to check first with the Senator from Indiana.

Was the amendment made to provide for a statement of two doctors?

Mr. BAYH. That is accurate. It is now part of the bill, part of the amendment.

Mr. DOLE. That has been added?

Mr. BAYH. Yes.

Mr. LONG. Mr. President, I make the point of order that is also new material in the bill.

Mr. BAYH addressed the Chair.

Mr. LONG. It is not germane.

The PRESIDING OFFICER. The question now is on the appeal from the ruling of the Chair.

Mr. DOLE. Mr. President, I point out that it seems to me we all want to do the same thing, and I hope we can reach some compromise to allow us to accomplish our goals.

In the Senate Finance Committee, we are working on coverage for catastrophic illness, will probably report a bill on that, which would certainly cover the very point the Senator from Washington, the Senator from Indiana, and other Senators, including the Senator from Kansas and the Senator from Louisiana, are concerned about. It is our proposal. It seems to me that might be a more appropriate place to address this issue.

Beyond that, I am wondering and asking myself the question of whether or not it is reasonable to divide the disabled into those with life expectancies of less than 12 months and those with life expectancies of more than 12 months.

It seems to me we will not be doing equity in this case. I certainly understand the emotional involvement, not only in the amendment, but in the outcome of the amendment.

The Senator from Kansas does not have any solution, but we are in the process now of marking up a bill dealing with catastrophic illness, and if there is anything more catastrophic than cancer, this Senator is not aware of it.

It would seem to me we might be given the opportunity, those of us who support the concept presented by the distinguished Senator from Indiana and the distinguished Senators from Washington (Mr. MAGNUSON and Mr. JACKSON), to address this problem in that legislation.

I cannot speak for the Senator from Louisiana, the chairman, but I suggest that might be a possibility as we prepare to report that bill sometime this year—I would hope early this year.

The PRESIDING OFFICER. Who yields time?

Mr. BAYH. Mr. President, I would like to again point out that the Senator from Indiana has been knocking around legislative halls quite a long while. I understand that although in this body all of us are equal, there are some who are a little more equal than others.

This applies in particular situations in certain committees involving certain legislation.

I know that the Senator from Lousiana and the Senator from Kansas have tremendous influence as regards legislation in the area in which we are now dealing. I only point this out, not at the risk of self-serving flattery, but the real facts of life.

Given those real facts of life, the Senator from Indiana would normally not resort to this kind of strategy because it does convey a certain degree of lack of respect for those who have significant responsibilities—I hope the Senators know I do not have a lack of respect for them.

But I point out that this particular measure was introduced some time ago in the last session, reintroduced in this session, and it is in the committee.

The same reasons that the chairman has, which I am sure he feels very strongly about, I do not know anybody more humane than Senator LONG, but those same feelings with which I respectfully disagree, which now cause him to oppose this amendment, also cause him to oppose the bill presently in his committee.

I think that is remarkable consistency.

So it seems to me the only way we have of addressing this question is on the floor as an amendment.

Although the 12-month period has been used so far as terminal illness is concerned, and it was used because of the general description within the medical community, I reemphasize that of those who are declared terminally ill—in other words, who would not be expected to live more than 12 months—do not usually live 5 months. That is the issue.

When you have a significant category of citizens who have paid into the social security system and who are confronted with dire emergencies prior to death, the issue is whether they should be given the opportunity to dig into their own probably depleted resources to cover those expenses.

That is why the Senator from Indiana is compelled to follow this recourse—not because of his refusal to recognize reality and the strength of the chairman and the ranking Republican member.

Mr. LONG. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 3 minutes and 14 seconds.

Mr. LONG. Mr. President, any Senator in this body can ask the Parliamentarian, before he votes on cloture, or can consult with the manager of the bill, before he agrees to a unanimous-consent request, or he can raise the issue when the matter comes up, as Mr. PERCY did, and say, "Is my amendment germane?" If he is advised that his amendment is not germane or it is likely to be ruled not germane, he can say, "I am not going to agree to a unanimous-consent request unless you agree that I may offer my amendment."

The Senator from Indiana can offer his amendment on any other revenue bill to come before the Senate, and there will be a lot of other revenue bills before the Senate during the remainder of this session.

The Senator did not have an agreement that the amendment would be regarded as germane on this bill. It is not germane. The Chair has done his duty, and the ruling of the Chair should be upheld.

The Senator can offer the amendment on some other bill, and I cheerfully invite him to do that. It is not germane on this bill, and the agreement among Senators should be respected by the Senators who agreed to the unanimous-consent request.

Mr. BAYH. I doubt whether the Senator from Louisiana knows this—he has no reason to know it—but when the staff of the Senator from Indiana consulted with the Parliamentarian, the advice the latter gave was that this measure would be germane. I am sure that, upon re-

flection and study, the Parliamentarian, on grounds that were good to him——

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. BAYH. I yield.

Mr. LONG. When was the Senator advised of that?

Mr. BAYH. When was that?

Mr. LONG. Yes.

Mr. BAYH. I cannot tell the Senator the exact date.

Mr. LONG. Was that before we entered into the unanimous-consent agreement or after?

Mr. BAYH. I am advised that it was after.

Mr. LONG. If it was after, it would not make any difference, because both sides have a right to explain why they think an amendment is germane or not. When both sides have been heard, the Parliamentarian should advise the Chair, and the Chair should rule.

This unanimous-consent agreement was made on November 20, 1979.

Mr. MAGNUSON. On this bill?

Mr. BAYH. The only reason the Senator from Indiana brings this up is to show that at least at one time in the discussion of this matter, it was a close question and that the Parliamentarian came down on the other side of it.

It is a question of great significance, as to whether we are going to help people who have cancer and other terminal illnesses to provide for themselves and their families in their last hours.

The Senator from Indiana comes down very strongly on the position enunciated first by the Senator from Washington, that a study about terminal illness certainly gives sufficient germaneness. But if we have different opinions on that, certainly a matter of such significant consequences, of life and death, should not be decided by the Senate on a point of order.

Mr. LONG. Mr. President, the Senator can raise this issue on any other bill.

I have a memorandum which was prepared with the help of our staff, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

BAYH AMENDMENT ON TERMINALLY ILL

Under the time limitation agreement, no amendment not specified in the agreement may be considered unless it is germane to the bill. The Bayh amendment introduces new matter not dealt with in the House bill or the Committee amendment. It is therefore not germane and should be considered not in order.

It might be argued that the provision is germane because the bill contains a section dealing with the terminally ill. This argument is invalid for these reasons:

(1) Section 505 of the bill authorizes appropriations from general revenues for the Social Security Administration to participate in a demonstration project to study the impact of the present program on the terminally ill and how best to provide services to help them. The Bayh amendment provides an entitlement to benefits payable from the Social Security Trust Funds to terminally ill persons.

(2) Section 505 of the bill is free standing legislation. The Bayh amendment permanently amends the Social Security Act.

(3) Section 505 of the bill would permit appropriations totalling ten million dollars or less over the next five years. The Bayh amendment would directly result in expenditures totalling more than one billion dollars over the same period.

Neither the House bill nor the Committee amendment substantively modify the provision of present law (section 223(a) of the Social Security Act) which would be changed by the Bayh amendment. Present law provides that disabled individuals may not receive disability benefits during the first five full months of disability unless they were previously entitled to disability under the program and the prior disability ended within the previous 5 years. This rule would be unchanged by the bill as reported. (Other aspects of the bill change the rules as to when a disability terminates and the Committee bill does make a conforming amendment to section 223(a) to reflect the new provisions relating to benefit termination. However, that change, unlike the Bayh amendment, does not eliminate the waiting period for a category of individuals who are now subject to it.)

Mr. LONG. Mr. President, the Senator from Indiana is not prejudiced in any way; because, according to his own representation, he did not raise the question prior to the time the unanimous-consent agreement was entered into. Subsequent to that time, when the point came up, the Parliamentarian, of course, should consider the authorities that can be suggested by both sides.

The Senator could offer his amendment on any other bill, and he would be within the rules, and he would not be asking Senators to go contrary to the agreement they made in November of last year.

Mr. BAYH. Mr. President, I do not want to quibble on that point——

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Louisiana has 1 minute.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is, "Shall the ruling of the Chair stand as the judgment of the Senate?"

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), and the Senator from Massachusetts (Mr. KENNEDY) are absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The PRESIDING OFFICER (Mr. BOREN). Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 55, as follows:

[Rollcall Vote No. 18 Leg.]

YEAS—37

Armstrong	Exon	Nunn
Bellmon	Garn	Percy
Bentsen	Hart	Pressler
Boschwitz	Hatch	Proxmire
Byrd, Harry F., Jr.	Heflin	Ribicoff
	Hollings	Roth
Byrd, Robert C.	Inouye	Simpson
Chafee	Jepsen	Stafford
Chiles	Johnston	Stevens
Cranston	Laxalt	Talmadge
Danforth	Long	Tower
Dole	Matsunaga	Wallop
Domenici	Muskie	

NAYS—55

Baucus	Heinz	Pryor
Bayh	Huddleston	Randolph
Biden	Jackson	Riegle
Boren	Javits	Sarbanes
Bradley	Kassebaum	Sasser
Bumpers	Leahy	Schmitt
Burdick	Levin	Schweiker
Cannon	Lugar	Stennis
Church	Magnuson	Stevenson
Cochran	Mathias	Stewart
Cohen	McClure	Stone
Culver	McGovern	Thurmond
DeConcini	Melcher	Tsongas
Durenberger	Metzenbaum	Warner
Eagleton	Morgan	Weicker
Ford	Moynihan	Williams
Glenn	Nelson	Zorinsky
Hatfield	Packwood	
Hayakawa	Pell	

NOT VOTING—8

Baker	Gravel	Kennedy
Durkin	Helms	Young
Goldwater	Humphrey	

So the ruling of the Chair was not sustained as the judgment of the Senate.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from Indiana.

Mr. LONG. Mr. President, I yield time on the bill to the Senator from Maine. How much time does the Senator from Maine require?

Mr. MUSKIE. Not more than 5 minutes.

Mr. LONG. I yield the Senator 5 minutes.

Mr. MUSKIE. Mr. President, I am sorry I was not on the floor when this amendment was brought up in the course of the debate. I was tied up in Budget Committee hearings. We are having hearings on the administration's budget proposal.

Mr. ROBERT C. BYRD. Mr. President, may we have order? Senators should hear what the Senator from Maine is about to say.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Maine.

Mr. MUSKIE. This amendment arose as we were bringing those hearings to a close. Since I do have some responsibility for bringing to the attention of the Senate matters that impact seriously on the budget. I think I have an obligation to do so in this case even though it is clear from the vote that has alrady been taken what the will of the majority of the Senate is.

I am not sure whether or not the relevant points, which I think ought to be a part of the record, were raised in the earlier debate.

I know the distinguished floor manager of the bill undoubtedly is expressing his

point of view with his customary thoroughness and eloquence, but I do want to make it clear to the Senate that this amendment has serious budget implications not just for a single year but for the long run. In addition, the implications for further change are inherent in the amendment.

I just cannot believe that the Bayh formulation—and I say this with all respect to my good friend from Indiana—will stand as the ultimate policy because it would generate inequities that some future Senate will be motivated to react to in the way that the Senate has reacted to this case. So, without unduly delaying the Senate, I would like to make my points.

First, as I understand the amendment, it provides that persons medically determined to be terminally ill—that is, expected to live 12 months or less—would not be required to wait 7 months from the onset of their disability before receiving social security benefits.

Because the amendment is effective in 1981, and the 1981 budget resolution has not yet been agreed to—we just began consideration of it today—under section 303 of the Budget Act the legislation is subject to a point of order until the Congress has acted on the first budget resolution. But I do not want to emphasize that. I want to emphasize the policy problem.

With respect to this amendment, outlays would be increased as follows: Fiscal year 1980 by $120 million; fiscal year 1981 by $132 million; fiscal year 1982 by $143 million; fiscal year 1983 by $153 million; fiscal year 1984 by $163 million; and the 5-year impact totals $711 million.

The argument for this amendment is put most succinctly, and I find the amendment as appealing as any Senator in this Chamber. The argument for the amendment is that some totally disabled people never receive social security disability insurance benefits because they die before the 5-month waiting period has expired. That simple statement will prompt every Senator to vote yea and do so as visibly and as clearly and as loudly as he can. Certainly, that is my instinct.

But what is the other side of the story? First, there is no evidence that the terminally ill have a greater need for benefits during the first 5 months of disability than do other disabled beneficiaries.

The amendment, in effect, says that those who are medically determined to be terminally ill and expected to live 12 months or less should not be subject to the 5-month waiting period, but those who are going to die in 2 years will get no benefit during that 5-month waiting period. They will still have to wait.

If you were to buy the logic behind this, then you would eliminate the 5-month waiting period altogether, so as not to create any inequity.

The second point is it would be difficult to administer and would create anomalies because it is frequently difficult to determine medically if a person is terminally ill and can be expected to die within 12 months. One of our colleagues told me—and I will not name him—that his grandmother was declared terminally ill and lived for 14 years after the determination.

The third point is that in some cases people could be found to be terminally ill, as I just described, and yet could live more than 12 months or even recover. It would be unfair to other disabled beneficiaries that such people would get 5 additional months of benefits.

The fourth point is that in still other cases, people not found to be terminally ill could die within 12 months of becoming disabled. Their survivors could claim that they were treated unfairly because they did not get 5 additional months of benefits.

The fifth point is that physicians would be placed in the difficult position of determining whether to state a person is terminally ill so that he can receive 5 months' extra benefits or to withhold the information on the grounds that it would be harmful to the patient and his family.

With cancer victims, for example, doctors often make the judgment that a given cancer patient—because of his mental condition or emotional state—ought not to be advised that he is terminally ill or that the doctor should not predict a date of death within 12 months. What do you do in that case?

The next point, Mr. President, is the problems and anomalies caused by the amendment could lead to pressures to shorten or eliminate the waiting period altogether which would substantially increase the cost of the disability program.

With respect to the budget itself, given action to date in the Senate—including the reported version of the pending legislation—the Finance Committee is over its fiscal year 1980 outlay crosswalk by $1 billion, over its fiscal year 1981 outlay crosswalk by $1.3 billion, and over its fiscal year 1982 outlay crosswalk by $1.2 billion. These significant overages reduce the spending available to other committees in each year under the ceilings in the second budget resolution.

Mr. President, I have stated the perspective of the chairman of the Budget Committee on this amendment as succinctly as I can. I do not take pleasure in it and I did not take pleasure in voting to support the motion to table.

May I ask the Parliamentarian whether he has had an opportunity to study the question of the point of order under the Budget Act?

The PRESIDING OFFICER. It is out of order.

Mr. MUSKIE. It is out of order? So it is subject to the point of order.

The PRESIDING OFFICER. The Chair has the question under advisement at this time.

Mr. MUSKIE. I see. I will withhold that.

Mr. MAGNUSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I am happy to yield to the distinguished Senator from Washington.

Mr. MAGNUSON. Mr. President, the Senator has not made up the first budget resolution, has he?

Mr. MUSKIE. Of course not.

Mr. MAGNUSON. And if Congress votes something before you make it up, you just have to accommodate what Congress voted, do you not?

Mr. MUSKIE. The Senator is exactly right.

Mr. MAGNUSON. All right. We voted this thing, or we are going to vote it.

Mr. MUSKIE. Mr. President, that is the Senator's prerogative. But it is also my prerogative to tell the Senate——

Mr. MAGNUSON. Wait a minute. If it is an extra cost, I ask the question, then, does it have to be accommodated by the budget?

Mr. MUSKIE. Of course. But what the Senator seems to be implying is that if I think the proposal is out of order, I should not raise the question because it is the Senate's will to do what it wants to. Of course, it is the Senate's will. But, the whole thesis of the Budget Act is that the Senate ought to have all of the information that is possible to bring to bear on the issue before it votes, so that it can make an intelligent vote. I understand that the Senator can disagree with what I said.

Mr. MAGNUSON. Mr. President, I will say to the Senator from Maine that this is an amendment that has been around for months.

Mr. MUSKIE. I do not challenge that.

Mr. BAYH. Years.

Mr. MAGNUSON. Years.

Mr. MUSKIE. There may be a reason why it has been around for years and not adopted. There may be a good reason, and I may have touched upon some of those reasons.

The Senator from Washington knows better than to suggest that I have the power to deter the Senate from doing what the Senate wants. The Senate could increase the deficit for fiscal year 1980 to $60 billion, if it wishes. I cannot stop it.

But when I see a proposition like this—one which has problems that the Senate ought to take into account, it is my job to lay it out for the record. I am sorry if that is inconvenient and embarrassing. But that is the fact.

Mr. BAYH addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. BAYH. Mr. President, I appreciate the fact that the Senator from Maine has brought to the attention of the Senate these matters.

I will say that most of those have been raised very eloquently by the Senator from Louisiana, which certainly does not preclude the Senator's right as chairman of the Budget Committee to bring them up again.

The PRESIDING OFFICER. Who yields time to the Senator from Indiana?

Mr. BAYH. Mr. President, the question I wanted to raise goes directly to the Senator from Maine and he and the Parliamentarian are now involved in a discussion to determine whether the subject is under a point of order.

The PRESIDING OFFICER. The time is under control. Does anyone yield time?

Mr. DOLE. Mr. President, I yield to the Senator from Indiana 5 minutes off the bill.

Mr. BAYH. Mr. President, I point out to both the Parliamentarian and the Senator from Maine that, at least from the standpoint of the point of order, the Senator from Indiana—both Senators from Washington, and the Senator from Tennessee—thought we would escape any immediate point of order by pointing out that none of these funds are applicable in this fiscal year. It does not take effect until the next fiscal year.

Mr. MUSKIE. Mr. President, section 303 applies to the legislation that would impact upon a fiscal year before the first concurrent budget resolution for the year has been adopted.

In other words, this amendment changes the law applicable for 1981, and the fiscal year budget which we have just begun to consider. The Parliamentarian has not yet determined whether section 303 applies to the amendment. I do not have any parliamentary bias against the amendment of the Senator, but section 303 does impact upon legislation that first increases outlays in 1981. Whether it does so in a way that does violence to section 303 the Parliamentarian is now considering.

Mr. BAYH. Would the Senator feel more comfortable if we made it applicable to this fiscal year? I am not quibbling.

Mr. MUSKIE. May I say I am not comfortable about the whole amendment. I thought I went out of my way to indicate that. Does the Senator think it is easy for me to stand here and make a case against an amendment of this kind? Of course I am not comfortable. Does the Senator think I can be more comfortable because he changes the effective date? No, I cannot be more comfortable. The basic point is that I have to stand here in opposition to an amendment which clearly the majority of the Senate wants to pass, is emotionally inclined to pass. No, I am not comfortable. That change will not make me any more or less comfortable.

I would say to the Senator that, by making that change, it might avoid a point of order. I would not object to his doing that.

Mr. BAYH. The Senator from Indiana is not unaware of the difficulty of dealing with the cost of this. That is why in the early debate on this, the Senator from Indiana and others tried to point out the unique characteristics of the kinds of citizens we are dealing with here. To suggest that someone who has been declared by two doctors as terminally ill present the same question as someone who has lost a leg, I think is to ignore the reality of the situation.

The reason we are confining it to those who are terminally ill, and the reason I think we have a compelling case for this, is that if a person loses a leg and is disabled, upon living beyond 5 months he can then start drawing out of his social security disability fund.

The tragic but real fact of life is if someone has been declared terminally ill as a cancer patient and he is the average patient, he does not live beyond 5 months. In fact, he probably does not live beyond 2½ to 3 months.

What we are suggesting is that this fact presents a compelling reason to let someone draw from that security fund into which he has contributed without a 5-month waiting period.

I must say that the statement made by the Senator from Maine, in which he suggests that it does not make any difference whether one is dying from cancer or is disabled in some other way, seems to me to show a lack of familiarity with the problems suffered by those who have cancer.

Mr. MUSKIE. I do not think I made any such suggestion.

Mr. BAYH. If this Senator may continue with his comments, I think the Senator from Maine did say there was no reason to treat the terminally ill any differently than other disabled and thus he was concerned—I understand his concern—that this would be setting a precedent for other kinds of disability.

Mr. MUSKIE. I did not suggest that.

I have friends with cancer, some of whom have been ill for less than 5 months, some whom have been ill for more than 5 months, some for more than 12 months, and I find it difficult to understand why, when one of these friends dies 13 months after becoming ill, he or she should not get this exemption, but one who dies within 6 months does.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BAYH. This Senator yields himself 2 minutes.

The PRESIDING OFFICER. There is no time remaining.

Mr. DOLE. Mr. President, how much time remains on the bill?

The PRESIDING OFFICER. Twenty-four minutes remain on the bill.

Mr. DOLE. I yield 2 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. BAYH. I hope we are having this debate without suggesting that any of our colleagues who may be concerned about the costs are not compassionate and concerned about people who have cancer. That is not what the Senator from Indiana is suggesting. What he is suggesting is that the fact is that those who are covered must be declared terminally ill by two doctors.

There is a definition, a certain standard, a certain criterion, that has to be met under social security regulations to show that this is a very serious determination. Having given that determination, the majority of those who are thus classified live less than 5 months. Some of them may live 13 months and thus would be covered and be able to draw. There is no question about that. But the vast majority of them would not.

I suggest to the Members there is a uniqueness about the circumstances surrounding a family where there is someone who is unable to work, who is dying from cancer, that does not exist in the families of others who are disabled because of other reasons.

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I guess it is unavoidable——

The PRESIDING OFFICER. Who yields time?

Mr. RIBICOFF. I yield 5 minutes to the Senator from Maine.

Mr. MAGNUSON. Will the Senator yield for me to ask for the yeas and nays?

Mr. MUSKIE. Yes.

Mr. MAGNUSON. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. I might say I am not concerned primarily with cost, Mr. President——

Mr. BAYH. If the Senator will permit me to interject, as he tried to correct my inferences, I thought I had made it very clear that the Senator is not objecting on the basis of cost.

Mr. MUSKIE. I understood the Senator to say that, but he also said something else. I just want to make it clear in my own words. It is not cost, principally. I understand that budgets are more than costs and deficits. Budgets are people as well. I know that. I fight for them all the time in that Budget Committee. If Senators have any question about that, I invite them to attend the markup sessions.

I cannot fight for unlimited funds for every human cause and still discharge my responsibilities as chairman of the Budget Committee. If the only way I can be compassionate is to raise all limits on people programs, then we might as well drop the budget process.

Secondly, I am not making a distinction on the basis of a disease. I made the distinction very succinctly; it was in writing and will go into the RECORD exactly as written.

Mr. President, this amendment is subject to a point of order under the Budget Act. I am not going to raise the point of order. There has already been one point of order and the Senate has voted on it. So I think the Senate ought to vote up or down on the amendment. I have made my case. It is subject to a point of order and I hope Senators will bear that in mind. My not raising it today does not mean that I unilaterally repeal section 303 of the Budget Act.

I think there is no reason why Senators should not vote on the merits as they see them and, whatever the Senate votes, the Senate is my boss, as Senator Mansfield used to say.

I say just one word in closing: I am asked constantly why we cannot balance the budget. It is these kinds of things, with a deep emotional appeal, that have as much to do with the growth of Federal spending as anything else in the budget. Just look at the charts in the new budget on where the budget growth has been in the last 10 or 15 years. It has been in this area of payments to individuals, and it is so easy for us to act on them. Then, having written them into law as entitlements, the Appropriations Committee

will say to us, "Well, we cannot control them, because they are entitlements; it has already been written into the law," and they are right.

Mr. MAGNUSON. I agree this is an entitlement.

Mr. MUSKIE. It is an entitlement, of course.

Mr. MAGNUSON. Not subject to appropriations.

Mr. MUSKIE. That is exactly what I am saying. The only place to apply a budgetary judgment on it is now; we cannot do it any other time.

UP AMENDMENT NO. 933

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 933 to amendment numbered 749:

On page 2, line 7, change the "12" to "6."

Mr. DOLE. Mr. President, I hope the Senator from Kansas is being constructive, as I suggested to the Senator from Indiana earlier, when we tried to satisfy some of the concerns by requiring a second opinion. I think, in line with what the Senator from Indiana stated several times on the floor, that since most of the people affected die within the 5-month waiting period, it would be more in line with the purpose of the Senator from Indiana and the Senator from Washington and others if we change it so it would read to certify that the individual is terminally ill and is expected to die within 6 months instead of 12 months.

The people who will live beyond 5 months will get benefits after that waiting period. It seems to me that with this minor change we can still meet the needs of those who are expected to die during the waiting period while keeping the cost down somewhat.

I share some of the agony expressed by the distinguished chairman of the Committee on the Budget that anyone who suggests any tampering with the amendment might be suspect in the eyes of some. But it seems to this Senator that there is a cost problem.

I hope that if, in fact, this amendment is passed, my modification will help to assure that it survives the conference. I hope the Senator from Indiana might be willing to accept that modification.

Mr. BAYH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Does the Senator from Indiana have time?

The PRESIDING OFFICER. The Senator does not have time. The time is under the control of the Senator from Connecticut and the Senator from Kansas.

Mr. RIBICOFF. May I ask how much time the Senator from Indiana desires?

Mr. BAYH. Five minutes.

Mr. RIBICOFF. Mr. President, I yield 5 minutes to the Senator.

Mr. BAYH. I thank the Senator from Connecticut.

Mr. President, my reluctance to accept the amendment of the Senator from Kansas, which I know is offered in good faith, is based on the fact that the 12-month period was arrived at after consulting with a number of physicians who deal on a daily basis with terminal illness, and terminal illness, as a term of art, is used in the frame of reference of someone who is not expected to live more than 12 months.

I point out that being categorized as terminally ill and thus being assessed by two doctors as having a longevity of less than 12 months does not automatically qualify someone to start drawing disability payments. One has to have that assessment, plus one also has to meet the other criteria which are established under title XX for disability as not being able to maintain any substantial means of gainful employment.

In other words, those cancer patients who live on for 14 years are not qualified—and everybody who has cancer would not meet the criterion of being terminally ill in that 12-month period. Many of them—in fact, most cancer patients—work right down to the last physical capability of doing that. That is a unique quality, I think, of cancer patients. Those people really want to hang in there, and want to be active as long as possible.

There is a specific description, a legal description, as to what criteria and what definition would be applied under medical terms if one were declared terminally ill after discovery of breast cancer. It includes the turning over of actual medical records and hospital records which indicate that the perimeters of the carcinoma go beyond the area of radical excision of the tumor and surrounding lymph nodes. The records must include biopsies, information on the location of the tumor, information on the extent of metastasis and voluminous additional objective medical information.

One would have to conform to that general description as established by the social security rules and guidelines, would have to not be able to maintain any substantial employment—as well as meet the terminal illness definition which is extremely strict. So I do not see the necessites of the amendment of the Senator from Kansas.

What it potentially does is get a number of people who might die just before they got to the 5-month period and still not qualify. It increases the number who would not qualify but who died before they could reach the point. If, indeed, the people who are judged terminally ill are not expected to live more than 6 months we may be creating unsolvable problems for physicians and we are going to have people who are going to be suffering. I do not think the Senator from Kansas wants that.

Mr. DOLE. That is not the intent of my amendment. I wanted to tighten it up, obviously, so we might satisfy some of those budgetary concerns. There is no way of knowing how much it is tightened up, but it seems to me it is a position where, if you live beyond the 6-month period, you are receiving benefits; if you are certified that you cannot live beyond 6 months, there is no waiting period. It seems to me it is a compromise that ought to be acceptable and that many of us would support.

Mr. MAGNUSON. Will the Senator yield in the meantime?

Mr. DOLE. Yes, I yield.

Mr. MAGNUSON. I hope the Senator will withdraw his amendment, because, if and when this amendment passes, we are going to go to conference anyway. It is not in the House bill. I am hoping we can work something out on this amendment by which the Senator can withdraw it, because the matter will be up in conference. Then we can work out whether it is a 5-month period or a year and get more information on the facts involved and it will be somewhere within that period.

Of course, 5 months is a little deceiving, anyway, because you cannot shut it off when somebody is going to die.

Second, it takes, sometimes, 8 or 9 months to get through the paperwork. The regulations and paperwork with HEW and social security are horrendous.

Some of these people actually get the doctors to certify. It takes months sometimes, weeks at least. So the time element, to set a time date, is a little unusual.

Mr. DOLE. I thank my distinguished colleague.

Mr. President, it would seem to me that most physicians could look at someone and after the examination probably determine very easily if that person might survive 3, 4, or 5 months. It might be difficult to make a judgment on 12, 15, or 18 months.

But, in any event, it seems to me there is a consensus being reached.

We understand the problem. We hope we can deal responsibly with the problem so we do not do violence to the social security system, or any part thereof.

Mr. MAGNUSON. The Senator's amendment has 6 months?

Mr. DOLE. Six months.

It seems to me a physician, or two physicians, can determine after examination if someone is very critically ill and will not survive 6 months more easily than that he will not survive 9 months, 12 months, or 15 months.

So it would seem to me the one way to properly address that and make certain we are looking at those extreme cases and reduce it from 12 to 6 months.

Mr. BAYH. Will the Senator yield?

Mr. DOLE. Yes.

Mr. BAYH. I apologize for interrupting.

Mr. President, I know exactly what the Senator is trying to accomplish. I know of his compassion and concern for this problem. We do not want to allow someone, who either intentionally or unintentionally, is taking advantage of this special provision designed to meet a certain unique health problem.

The Senator from Indiana is concerned because in discussing with doctors the description of terminal, the 1-year frame of reference is usually used.

As I pointed out, in the case of cancer, most of those folks do not live 5 months.

But I am concerned that by cutting it back to 6 months, we may be giving those in the profession who are asked to attest or to swear to this particular criteria a burden they do not feel they can meet. They could say that they think someone would live for 1 year, but they would not want to swear to only 6 months.

I know of the Senator's concern. I ask the Senator if he would consider withdrawing this amendment with the understanding we would go together and talk to professionals in the field to see if this would cause a problem. If not, I would support any efforts he and others might make in conference to do what we all want to accomplish.

Mr. DOLE. Mr. President, I commend the Senator from Indiana. He, more than anyone on this floor, understands the problem.

I also want to commend the distinguished senior Senator from Washington (Mr. MAGNUSON), who brought this witness to our committee, along with Senator JACKSON.

The Senator from Kansas will be a conferee. I think this debate has been helpful in the right sense. There are some problems with the amendment, but there is no question about anyone's motives in this Chamber.

Mr. President, I ask that the amendment be withdrawn and that we do work on this between now and the time of the conference.

There is nothing in the House bill on this issue, so it is going to depend on persuasion on the Senate side.

As to those of us who are conferees, it is my hope we can come up with something we can sell the conference and still be responsible in light of the very sound arguments made by the distinguished Senator from Maine (Mr. MUSKIE).

The PRESIDING OFFICER. The amendment is withdrawn.

● Mr. CHILES. Mr. President, I would like to explain my concern about the amendment to eliminate the waiting period for disability benefits for terminally ill individuals.

Certainly, none of us here likes to be debating the pros and cons of an issue like this. Human life and death, which each of us faces sooner or later, is not something to put in dollars and cents or cost-benefit analyses. But neither is life and death a precise science, where we can exactly predict how long a person will or will not live. I have heard my colleagues here today present case examples to support or refute arguments about this amendment. We all know of individuals who have been told they have only a few months or few years to live that are alive today and may outlive us all. We also know that terminal illness cannot and should not be equated with total and permanent disability to engage in substantial gainful activity.

The problem in eliminating the waiting period for one group of individuals, depending on a set of variables that are beyond human ability to precisely measure, is that we are unable to know what impact this will have on the stability of the trust funds, or how the administrative difficulties will be solved. If I were a physician treating a patient with an incurable disease, and knowing of the mental anguish that individual was facing with medical costs, I would find it terribly hard not to find that person eligible for disability and qualified for this exemption from the waiting period. When we consider the wide variance in the cost estimates for this amendment, the discrepancies in the error rate to be expected, and the largest "unknown"—how many applicants will be determined eligible for humane reasons whether they are disabled or not, or expected to die within a year or not—I do not feel we can approve this exception to the waiting period without looking at the fairness of the waiting period for all disability applicants.

I would like to express one additional concern. When we talk about the mental anguish seriously ill individuals face, we know that one of the major factors is financial worry about the cost of catastrophic illness. And I wonder with national health insurance proposals before the Congress and the Finance Committee planning to resume active consideration of catastrophic coverage shortly, if this bill is the appropriate vehicle to debate the amendment. I believe that the subject matter of the amendment, regarding the waiting period and the issues of the cost of catastrophic illness, cannot be given adequate consideration on the Senate floor during debate on the pending legislation.●

The PRESIDING OFFICER. The question recurs on the amendment (No. 749), as modified, of the Senator from Indiana. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. DURKIN) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The PRESIDING OFFICER (Mr. STEWART). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 70, nays 23, as follows:

[Rollcall Vote No. 19 Leg.]

YEAS—70

Armstrong	Bumpers	Cohen
Baucus	Burdick	Cranston
Bayh	Byrd, Robert C.	Culver
Biden	Cannon	DeConcini
Boren	Church	Dole
Bradley	Cochran	Durenberger
Eagleton	Magnuson	Schmitt
Ford	Mathias	Schweiker
Garn	Matsunaga	Stafford
Glenn	McClure	Stennis
Hatch	McGovern	Stevens
Hatfield	Melcher	Stevenson
Heflin	Metzenbaum	Stewart
Heinz	Morgan	Stone
Hollings	Moynihan	Talmadge
Huddleston	Nelson	Thurmond
Jackson	Packwood	Tsongas
Javits	Pell	Wallop
Jepsen	Pryor	Warner
Kassebaum	Randolph	Weicker
Laxalt	Ribicoff	Williams
Leahy	Riegle	Zorinsky
Levin	Sarbanes	
Lugar	Sasser	

NAYS—23

Bellmon	Domenici	Muskie
Bentsen	Exon	Nunn
Boschwitz	Hart	Percy
Byrd, Harry F., Jr.	Hayakawa	Pressler
	Humphrey	Proxmire
Chafee	Inouye	Roth
Chiles	Johnston	Simpson
Danforth	Long	Tower

NOT VOTING—7

Baker	Gravel	Young
Durkin	Helms	
Goldwater	Kennedy	

So Mr. BAYH's amendment (No. 749), as modified, was agreed to.

AMENDMENT NO. 731, AS MODIFIED

The PRESIDING OFFICER. The question recurs on amendment No. 731, as modified. The yeas and nays have been ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, will the Senator yield for a statement without losing his right to the floor?

The PRESIDING OFFICER. There is no time for debate.

Mr. DECONCINI. Mr. President, I ask unanimous consent that I may have 30 seconds for a statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, I appreciate the remarks of the distinguished Senator from Illinois (Mr. PERCY), and for his effort to work with the staff of the Judiciary Committee in clarifying certain aspects of the pending amendment.

At the request of the chairman of the Judiciary Committee, Senator KENNEDY, I wish to submit for the RECORD a statement he would have made today regarding the pending amendment—and to add my voice in support of his concerns.

As a member of the Juiciary Committee—and as a member of the Select Commission on Immigration and Refugee Policy, charged with reviewing all aspects of our immigration laws—I simply want to stress that I believe the measure before us today is only an interim step, pending the findings of the Select Commission and the work of the Judiciary

Committee, in whose jurisdiction this question falls.

As the Senate knows, the Select Commission is now at work, attempting to overhaul our Nation's immigration laws and policies—including the requirements sponsors and immigrants alike must meet when petitioning to enter the United States. It is a complex issue, and one which has not been sufficiently studied either by the administration or the Congress.

So pending this larger review, I think we should state clearly that we are attempting today to simply clarify certain aspects of the sponsorship requirements under the Immigration Act. And we are doing so without prejudice to either the jurisdiction of the Judiciary Committee, or to the work of the Select Commission on Immigration and Refugee Policy.

Mr. President, I ask unanimous consent that Senator KENNEDY's statement be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT OF SENATOR KENNEDY

Despite many deep concerns I have over the pending amendment offered by Senator Percy and Senator Cranston relative to affidavits of support required of sponsors of immigrant petitions under provisions of the Immigration and Nationality Act—and despite jurisdictional questions—I will not oppose it today.

Although members of the Judiciary Committee staff have been consulted by the sponsors of the amendment—and I appreciate the effort to reach a consensus on what, if anything, should be done regarding this question—I am nonetheless concerned over precipitous action without the benefit of hearings by the Judiciary Committee or any real Congressional study of this issue.

This has been my concern for some time, since Senator Percy first proposed a version of this amendment late last year—which I strongly opposed. There has been a tendency to sound the alarm over alleged abuses of affidavits of support by sponsors, without any real data supporting such alarm—except for one very narrow, and questionable, study undertaken in San Francisco by the General Accounting Office.

Furthermore, there have not been open hearings by Congressional committees, nor an adequate review of this issue by the Administration.

As a result, I have been concerned that we are rushing to judgment on a complex issue without sufficient facts, and without soliciting views from the public in formal hearings. There is the danger we are using a sledgehammer to swat at an uncertain abuse of the immigration law.

As Chairman of the Judiciary Committee I share the view that there is a long overdue need for immigration reform—including reform of the procedures we follow in admitting, and processing, legal immigrants to our country. To move towards this overall reform, last year I expedited consideration in the Senate of a bill to create a Select Commission on Immigration and Refugee Policy—to review all aspects of our immigration law and practice—including the question of affidavits of support.

This Commission is now functioning, and in some of its hearings and deliberations thus far, it has already focused on the question of what requirements immigrants and their American citizen sponsors should meet prior to entry.

So my concern today is that we not prejudge the Commission's work, nor preclude efforts later to make substantial modifications in the provisions of the amendment now pending before the Senate.

More importantly, I think it is crucial that we monitor closely how the provisions of this amendment are, in fact, implemented—to determine whether they are administered fairly, or contrary to the spirit of our immigration law and the principle of family reunion. We all know from past experience that administrative interpretations of complex regulations—such as those established in this amendment—can easily be distorted through administrative regulation.

With this understanding—that this amendment is seen as an interim measure, to be reviewed in light of the findings and recommendations of the Select Commission, and that the sole jurisdiction of the Judiciary Committee is acknowledged—I will not oppose this amendment today.

I ask that a letter from the voluntary agencies on this amendment be printed in the RECORD.

The letter follows:

AMERICAN COUNCIL FOR NATIONALITIES SERVICE,
Washington, D.C., December 12, 1979.

Hon. EDWARD M. KENNEDY,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR KENNEDY: This letter is in regard to section 504(a) of H.R. 3236 and amendment number 731. The former provision would impose a three-year residency requirement before aliens legally admitted for permanent residence, with the exception of refugees, could qualify for SSI. The latter provision would make the sponsor's affidavit of support enforceable by means of a civil suit which could be brought by the alien, the Attorney General, or a state which furnished assistance to the alien. The undersigned groups are opposed to these provisions because they make dramatic changes in our immigration laws without ever having been considered by the congressional committees specifically responsible for these laws. Our opposition is specially strenuous because H.R. 4904, the welfare reform bill, contains provisions which adequately address congressional concern over alleged alien abuse of SSI and yet are fairer, more flexible, and do not radically change the Immigration and Nationality Act.

If enacted, the Senate proposals would create unfair hardships for many thousands of lawfully admitted permanent resident aliens and to their U.S. citizen relatives who have contributed significantly to our society. As a result, they raise serious questions of law and policy, such as the financial and administrative burdens of enforcement, the effect on family reunification—a cornerstone of our immigration policy, and possible violation of the Final Act of the Helsinki Conference. Similar proposals have been made in the past, yet none has ever been studied by the House immigration subcommittee or by the Senate Judiciary Committee.

Not only have these proposals not been reviewed by the most knowledgeable congressional committees, but they are based primarily on one GAO report. On October 11, 1978 critique of this report revealed serious flaws in the study. It was distributed to every Senator by the Washington Lawyers' Committee for Civil Rights Under Law and the Mexican American Legal Defense and Educational Fund.

In view of the insufficient and inadequate data on which these proposals are based, the availability of fairer and more flexible provisions, and the thorough review of all our immigration laws currently being conducted by the Select Committee for Immigration and Refugee Policy, we urge you not to support section 504 (a) of H.R. 3236 or amendment number 731.

Sincerely,

Aliens Right Law Project/Washington Lawyers' Committee for Civil Rights Under Law; American Council for Nationalities Service; American Immigration and Citizenship Conference; Association of Immigration and Nationality Lawyers; Migrant Legal Action Program; Mexican American Legal Defense and Educational Fund; National Council of La Raza; and United States Catholic Conference/Migration and Refugee Services.

● Mr. ROTH. Mr. President, I am pleased to cosponsor the amendment offered by the distinguished Senator from Illinois. As my colleague from Illinois has explained, the amendment was originally contained in S. 1070 which I also cosponsored. S. 1070 was essentially a two-pronged attempt to curb alien abuse of the supplemental security income program. The major provisions of the bill would have established a 3-year residency requirement in order to be eligible for SSI benefits and would have made the affidavit of support signed by the alien's sponsor legally enforceable.

The need for this legislation was pointed out in a GAO report issued in February, 1978 entitled "Number of Newly Arrived Aliens Who Receive Supplemental Security Income Needs To Be Reduced." This report stated that in the five States with the largest alien population, approximately $72 million in SSI payments was received by 37,500 newly arrived aliens. Sixty-three percent of the aliens receiving SSI enrolled during the first year in the United States and 96 percent of the recipients enrolled during the first 3 years of residency.

During the Finance Committee's consideration of H.R. 3236, I offered as an amendment that part of S. 1070 which establishes a 3-year residency requirement in order to become eligible for SSI benefits. The amendment, which was accepted unanimously by the committee is the first step toward eliminating alien abuse of our Nation's welfare programs.

The amendment being offered today by the distinguished Senator from Illinois goes one step closer to reaching that goal. Specifically, it provides for making the affidavit of support legally enforceable. Presently, an alien entering the United States must prove that he or she will not become a public charge. In order to accomplish this, an alien often is sponsored by a relative or close friend. Prior to entry into the country, the sponsor signs an affidavit of support which states he will accept financial responsibility for the alien. The large percentages of aliens receiving SSI in the first 3 years of entry, as stated in the GAO report, indicates many sponsors are not living up to this obligation.

In fact, the court has ruled the affidavit of support is not now legally enforceable. Rather, it is only a moral obligation on the part of the sponsor. The end result is the pledge of support is really nothing more than a "paper tiger." By adopting this amendment, we would reinforce our immigration and naturalization laws which state that an

alien may not enter this country if he will be a public charge. We will insure tax dollars will not be spent on benefits which violate the intent of that law.

This amendment is not intended as a punitive measure toward the sponsor who attempts to meet the requirements in good faith. It provides that if the financial situation of the sponsor changes for reasons beyond his control, he will be relieved of the pledge of support and the alien would then be eligible to receive SSI even if he has not met the 3-year residency requirement.

I believe this amendment is consistent with our efforts to reduce Federal spending and I urge my colleagues to adopt this amendment to make the affidavit of support legally enforceable.●

● Mr. HAYAKAWA. Mr. President, as you know, I am a cosponsor of the amendment concerning legal alien abuse of the social security system which was offered by the distinguished Senator from Illinois.

I am very, very troubled that we here in Congress are willing to recognize a serious problem but are unwilling to act to rectify it. For far too long now aliens have been encouraged to come to this country to live off the good will and free hand of the American taxpayer. How can we continue to justify this spending? I am sure each of you have received letters from constituents in your home State asking this same question.

While studying this issue over the past year and a half, I found that although laws appear to preclude aliens from receiving public assistance in their first 5 years of residency, a loophole actually exists which permits an alien to apply for and receive any number of benefits without breaking the law. Those loopholes have been pointed out by the courts, by Guy Wright, a noted columnist who has pursued this problem from his column in the San Francisco Chronicle, and the General Accounting Office. Both Senator PERCY and I introduced legislation in the 95th Congress aimed at closing this loophole, however neither bill was considered before the end of the Congress.

Again, early in the 96th Congress, we each introduced legislation addressing this problem. The Finance Committee included a provision in H.R. 3236, the bill we are now debating, to establish a 3-year residency requirement before an alien may be able to apply for Federal assistance. This requirement was part of the legislation proposed by both Senator PERCY and myself. It is indeed, a beginning, but certainly not a solution to this bureaucratic "Catch 22." The situation remains where an alien comes to this country under the auspices of a sponsor. If it becomes necessary for the alien to seek financial assistance but for one reason or another the sponsor fails to provide the assistance guaranteed by signing the "affidavit of support," the alien then applies for benefits despite a residency requirement in the Immigration and Nationality Act. However, because there is no residency requirement in the Social Security Act the requirement stipulated by the Immigration and Nationality Act is nullified.

As I mentioned before, the Finance Committee has taken the initiative and moved to close part of the loophole by putting a requirement into the Social Security Act that specifies that an alien must be a resident of this country for at least 3 years before applying for Federal financial assistance. There is no recourse available to the U.S. Government when a sponsor fails to live up to his commitment, however. The affidavit of support signed by both an alien and his sponsor pledging financial support for the alien is not legally enforceable in a court of law.

Senator PERCY's amendment to legalize the affidavit of support is an action to correct the inconsistency in the existing law. Senator BAYH pointed out during previous discussion of this matter that simply changing the affidavit of support will not totally close the loophole which is necessary to stop the abuse of our public assistance programs.

The Immigration and Nationality Act states that an alien likely to require public assistance will be denied admission to the United States, unless a sponsor in the United States signs an affidavit agreeing to sponsor that alien for 5 years. My wife and I have had the opportunity to provide that security to aliens, both relatives and acquaintances, wishing to enter this country on several occasions. Each time Marge and I discussed the responsibility associated with signing that document. We made plans in the event that, for some unforeseen reason, the person could not provide for himself. We always considered the signing of that affidavit to be a very serious act of citizenship.

It was not until I began to read in Guy Wright's columns about the terrible abuses of this responsibility of sponsoring an immigrant that I learned of the void in our laws. My research has not only confirmed the void, but lead me to what I believe is the key to locking that loophole. The law now states that if an alien becomes a "public charge" within 5 years of entry, he or she is subject to deportation. The law does not, however, define what constitutes a public charge. Mr. President, the absence of this definition has allowed thousands of aliens to collect benefits totaling millions of dollars each year, after residing in this country for as little as 30 days.

If it is the intent of Congress to stop this abuse of public funds, it is imperative that a definition of "public charge" be included in the law. I am aware that the ultimate effect of such a definition would subject aliens to deportation if they had to go on public assistance. It should go without saying that it is not my intention, or do I feel it is the intention of any Member of Congress, to call for the deportation of any alien who finds after arriving in the United States he cannot support himself. Rather, the intent is that careful consideration be given to requests for the admittance of aliens under affidavits of support.

I do not believe that this is more or less harsh than the original intent of our social security and immigration laws. Consequently, hearings should be held on the issue of what is a public charge. Under the current law, there is absolutely no recourse to the flagrant disregard of the intent of the law.

I also urge my colleagues to vote for amendment No. 731 to strengthen the social security and immigration and nationality laws by making the affidavit of support legally binding. A person seeking to enter this country should consider what are his responsibilities—not only how much he can get.●

Mr. CRANSTON. Mr. President, the amendment I have cosponsored with Senator PERCY will complete action taken by the Finance Committee to close a loophole in the supplemental security income program which costs Federal taxpayers some $70 million annually in SSI-related payments to newly arrived immigrants.

The Immigration and Nationality Act requires as a condition of entry for certain categories of aliens that they have a sponsor, often a close relative or friend, who is a citizen or permanent resident of the United States. This sponsor promises, as a condition of granting an entry visa to the immigrant, that the new immigrant will not become a public charge.

Under the Immigration and Nationality Act, an immigrant who becomes a public charge within 5 years of entry is subject to deportation.

The Social Security Act, however, permits a new immigrant to apply for and receive supplemental security income (SSI) benefits 30 days after arrival on American shores.

To round out the loophole, the courts—partly in response to the harsh deportation penalty provided in the immigration statute—have ruled that receipt of SSI benefits does not constitute becoming a public charge and, furthermore, that the sponsor's promise of support is nothing but a "moral obligation."

As a result, the sponsor by disavowing his support agreement can shift responsibility for financial support of the immigrant to the taxpayers. In effect, the immigrant gets an "instant pension."

This situation is an affront to taxpayers. Nor is the situation fair to conscientious sponsors who live up to the letter and spirit of their promises of support. And, it is certainly unfair to all immigrants who have worked hard to support themselves and their families as substantial contributing members of communities in every State.

In fact, columnist Guy Wright of the San Francisco Examiner writes that—

> Some of my bitterest mail on this subject has been from readers who came to this country as immigrants and resent being ripped off.

The amendment Senator PERCY and I are offering to the committee bill assures that those immigrants sponsored by individuals who are financially able will in fact be supported by their well-to-do sponsors.

The amendment also assures—and has been modified to spell out that assurance—that no one who is truly needy and has been abandoned by his or her sponsor will go without assistance. Instead, the Government will pursue the defaulting sponsor while the immigrant receives necessary assistance.

The bottom line is the needy immigrant will receive SSI assistance regard-

less. But the financially able sponsor will not be able to hand off his obligation to his neighbors. And all sponsors of new immigrants in the future will understand clearly the import of the promise of support.

I urge Senate approval of this sensible and humane approach to a volatile problem.

Mr. PERCY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. What is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Illinois.

The question is on agreeing to the amendment of the Senator from Illinois, as modified.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. MATSUNAGA. Mr. President, I rise in support of the Percy amendment, which would make a sponsor's affidavit of support in behalf of an immigrant an enforceable agreement. Under existing law a sponsor's affidavit is meaningless if the affidant refuses to support a destitute immigrant for any reason whatsoever. To give meaning to the affidavit an immigrants sponsor should be required to keep those promises upon the strength of which the immigrant was admitted to the United States. It is wrong for a U.S. citizen to promise to support an immigrant and then renege, leaving the immigrant homeless and penniless in a strange land. The Percy amendment would provide the legal enforcement of support affidavits. But the amendment also provides that the affidavit of support will be excused and be rendered unenforceable in the event that the sponsor dies or cannot provide support because of circumstances which were unforeseeable when the immigrant was admitted.

The amendment is intended to prevent the perpetration of fraud upon the American taxpayer by forcing him to support a newly arrived immigrant by way of public welfare assistance while the sponsor is capable of providing the promised support. The amendment would not cause any undue hardship on either the immigrant or the sponsor.

There is no better way to provide for the poor and needy, citizens and aliens alike, than to make sure that persons who do not require assistance do not receive it. This approach is consistent with the efforts of Congress and the administration to reduce fraud and abuse and to make sure that only those who are most in need of public assistance receive such benefits.

As a matter of sound policy, not the innocent taxpayer but those sponsors who promised to support an immigrant and who are capable of doing so should be required to provide that support. The Percy amendment would bring about this result for a 3-year period after the immigrant's admission, while protecting any alien whose sponsor encounters unforeseen circumstances.

I urge adoption of the Percy amendment.

Mr. CRANSTON. I announce that the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. DURKIN) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 20 Leg.]

YEAS—92

Armstrong	Hart	Nunn
Baucus	Hatch	Packwood
Bayh	Hatfield	Pell
Bellmon	Hayakawa	Percy
Bentsen	Heflin	Pressler
Biden	Heinz	Proxmire
Boren	Hollings	Pryor
Boschwitz	Huddleston	Randolph
Bradley	Humphrey	Ribicoff
Bumpers	Inouye	Riegle
Burdick	Jackson	Roth
Byrd, Harry F., Jr.	Javits	Sarbanes
	Jepsen	Sasser
Byrd, Robert C.	Johnston	Schmitt
Cannon	Kassebaum	Schweiker
Chafee	Laxalt	Simpson
Chiles	Leahy	Stafford
Church	Levin	Stennis
Cochran	Long	Stevens
Cranston	Lugar	Stevenson
Culver	Magnuson	Stewart
Danforth	Mathias	Stone
DeConcini	Matsunaga	Talmadge
Dole	McClure	Thurmond
Domenici	McGovern	Tower
Durenberger	Melcher	Tsongas
Eagleton	Metzenbaum	Wallop
Exon	Morgan	Warner
Ford	Moynihan	Weicker
Garn	Muskie	Williams
Glenn	Nelson	Zorinsky

NOT VOTING—8

Baker	Goldwater	Kennedy
Cohen	Gravel	Young
Durkin	Helms	

So Mr. PERCY's amendment (No. 731, as modified) was agreed to.

Mr. PERCY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment numbered 745 by the Senator from Wisconsin (Mr. NELSON).

Mr. SCHMITT addressed the Chair.

The PRESIDING OFFICER. The time is controlled by the Senator from Wisconsin (Mr. NELSON) and the Senator from Louisiana (Mr. LONG).

Mr. SCHMITT. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHMITT. Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin (Mr. NELSON), amendment No. 745.

Mr. DOLE. Mr. President, I ask unanimous consent that that amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from New Mexico.

UP AMENDMENT NO. 934

(Purpose: To strike out section 403 of the bill relating to use of Internal Revenue Service to collect child support for non-AFDC families)

Mr. SCHMITT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The legislative clerk read as follows:

The Senator from New Mexico (Mr. SCHMITT), for himself, Mr. DOMENICI, Mr. LAXALT, and Mr. WEICKER, proposes an unprinted amendment numbered 934.

Mr. SCHMITT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 73, strike out lines 15 through 22.

Redesignate sections 404 through 409 as sections 403 through 408 respectively.

On page 32, amend the table of contents by striking out "Sec. 403. Use of Internal Revenue Service to collect child support for non-AFDC families." and redesignate sections 404 through 409 as sections 403 through 408 respectively.

Mr. SCHMITT. Mr. President, I have been informed that the Senator from Ohio (Mr. METZENBAUM) has an urgent need for recognition. I ask unanimous consent that my amendment be set aside, and that I be recognized at the conclusion of the activity of the Senator from Ohio to bring the amendment up again.

Mr. METZENBAUM. I appreciate the consideration of the Senator from New Mexico, but I certainly do not wish to impose upon his efforts. I am prepared to go forward, but the Senator was recognized before me. I respect him and I am perfectly willing to await my turn. I am willing to go forward. However the Senator from New Mexico wishes to proceed, I certainly will agree to. I do not mean to suggest that I have an urgent personal problem, as we sometimes do. I am not in that situation. I certainly appreciate the offer of the Senator from New Mexico.

Mr. SCHMITT. I thank the Senator. I do not believe this amendment will take a great deal of time.

Mr. METZENBAUM. I appreciate the Senator's offer.

Mr. SCHMITT. I do think it will pass overwhelmingly. Therefore, if I could proceed, I will try to limit the time that I use.

Mr. METZENBAUM. I thank the Senator.

Mr. SCHMITT. Mr. President, this amendment, introduced on behalf of myself, Senator DOMENICI, Senator LAXALT, and Senator WEICKER, would, very simply, delete section 403 of the bill, entitled

"Use of Internal Revenue Service To Collect Child Support of Non-AFDC Families."

Under present law, enacted in 1975, States are authorized to use the Federal income tax mechanism for collecting child support payments for families receiving aid to families with dependent children, AFDC payments. This provision of the bill would expand that authority to include non-AFDC child support enforcement cases brought within the jurisdictions of the States.

Let me first state that I support the efforts of State and Federal agencies in collecting delinquent child support payments and other delinquent, truly delinquent payments owed to the Federal Government.

In the instant case, the problem of runaway spouses is a serious one which requires much more attention by the affected agencies and States. I think that the committee and I agree that the seriousness of the problem is real and that there is a need to do something about it. We do not, however, based on the bill before us, agree on how to handle the problem.

It seems that every time an agency or department these days encounters any problems with collections of debts, the solution proposed is to let the Internal Revenue Service collect the debts for them, in spite of the institution by Congress of the Office of Inspector General and other potential remedies.

This past September, I am sure my colleagues remember, we debated about a proposal in an appropriations bill to have the IRS collect delinquent veteran and/or student loan accounts. The Senate, in its wisdom, struck that proposal from the Treasury, Postal Service appropriations bill by a vote of 52 to 38.

This year, the proposal before us is to expand an already dangerous precedent, of which at that time I was unaware, that deals with the collection of AFDC debts. In particular, child support payments.

The Comptroller General, an advocate of the use of IRS for collection of delinquent debts, has stated that Federal departments and agencies "have not been aggressive in pursuing collection (of debts)," and recommended steps which could be implemented in the agencies to increase collection deficiencies.

These recommendations have, for the most part, not been implemented and Congress has not asked various agencies why they have not been implemented. We are, however, quick to propose the IRS to collect debts.

In 1978, Congress enacted Public Law 95–452 which created the Office of Inspector General in various departments and agencies whose function is "to promote the efficiency and economy of and to prevent and detect fraud and abuse in the programs administered by each agency." It appears that it is within both the jurisdiction and responsibility of Inspectors General to follow up on the recommendations of the GAO with respect to debt collection and to make certain that debts owed to that particular department or agency are being effectively collected.

It is my impression, at least at this early date in the use of Inspectors General, that little or no effort has been undertaken by the Congress to adequately direct the Inspectors Generals to tighten debt collection procedures in their respective agencies.

We have heard so much around here about the money owed to the Federal Government and the failure of agencies to collect some of the debts to the Government. The figures are disturbing, but we should be very careful in looking at what the agencies are actually doing about trying to collect delinquent debts, before we look to a panacea, and particularly the siren song of IRS. It makes a great deal more sense to use existing mechanisms which are available to us and to the agencies than to, at this time, bring the IRS more massively into debt collection rather than tax collection.

Mr. President, the Congress also has the option to allow agencies to turn to commercial debt collection agencies. On the Senate Calendar right now is a bill, S. 1518, which would allow the Veterans' Administration to utilize a consumer reporting agency for certain debt collection purposes. It is my understanding that some agencies already have this authority and that it has worked out very well.

The issue before us is of a somewhat different nature. First of all, we are not dealing with any money owed to the Federal Government. We are talking about money owed to an individual by another individual, established under court action. Because child support payments are ordered by the court and in their absence the taxpayers will be forced to supply assistance, the Government is indirectly involved. It seems that there is an appropriate concern for the Government but not in the manner which we are proposing here in this bill.

Second, it has been argued that this provision in the bill is simply an extension of existing law which permits the IRS to add the debt as a tax liability. It is further argued that there is really no distinction between AFDC and non-AFDC recipients. That, however, is not the point. The opinion of this Senator is that we made a serious mistake in 1975 and we should not continue that mistake by expanding this program. What the Congress should do is consider the repeal of the 1975 provision. However, let us at least prevent its expansion under this amendment.

Mr. President, the Internal Revenue Service was created as a tax-collecting agency and not a debt-collecting agency. To expand this role is fraught with danger, as the debate last year indicated when dealing with IRS debt collection of delinquent student loans.

To begin with, it may become a very expensive experiment. The IRS collects about 90 percent of Federal revenues. Taxpayers voluntarily determine that they owe more than 97 percent of this total and pay it, largely through withholding, without any direct IRS enforcement action. The withholding system makes it possible for the IRS to collect tax revenue at the inexpensive cost of about 50 cents per $100 collected.

In a letter to me in September, Commissioner Jerome Kurtz of the IRS stated:

> If taxpayers react to the idea of IRS becoming the Nation's small debt collector by adjusting their tax withholding as much as 1 percent, the initial loss of Federal taxes voluntarily paid would be $4 or $5 billion. We are seriously concerned about the risks to which a National non-tax debt collection program would expose the withholding system.

Mr. President, I think we would ignore Commissioner Kurtz' remarks at our peril.

The proponents of this provision in the bill will argue that this loss of tax revenue has not occurred since enactment of the program. The fact is, one, it is too soon to see the effects, and two, according to the committee report: "This provision for using the IRS in child support collections has been used very sparingly by the States."

In fact, Mr. President, according to my research, the IRS acted on only 17 cases in 6 States, for a total collection of $15,000.

The provision in the committee bill would bring all persons subject to child support payments under the reach of this IRS authority whether they were, in fact, economically destitute or not.

When the provision as in the bill becomes more visible through increased use, I think we shall start seeing the effects of tax collection on increased withholding by the American people.

The major concern of this Senator is the threat to the rights privacy of individuals. Again, even the IRS has concerns about the privacy of individuals. In that same letter, Commissioner Kurtz wrote that serious questions are raised by the use of tax information and the tax administration system for nontax purposes. Any controversy between the taxpayer and the agency would put the IRS "in an awkward position. To maintain taxpayer privacy and to prevent unauthorized disclosure of tax information, IRS would be burdened with dealing with the taxpayer in attempting to resolve the controversy between the taxpayer and the agency owed the debt—without the authority to resolve the matter."

Commissioner Kurtz went on to write:

> Additionally, we question whether the inter-agency use of personal financial data on citizens would adequately recognize concerns about citizen privacy in the use of data processing technology.

The Tax Reform Act of 1976 specifically dealt with eliminating the abuses of the IRS and their authority, especially under political pressure. Now we are turning the clock back and telling the IRS to divulge information to various agencies that need it for debt collection. This is the bottom line. Not only is this opening the door to abuse but it will surely undermine the confidence of our citizens in the confidentiality of any information provided to the IRS.

Mr. President, we have all heard horror stories of IRS agents abusing their

authority. Unfortunately, many are true. Hardly a year passes without some congressional act limiting some activity of the IRS which is in direct opposition to congressional intent. Last year it was the taxing of private schools. At other times, it took report language to remind the IRS that taxpayers have certain rights and are entitled to due process.

Here we are, proposing now to extend the authority and the power of the IRS in an area in which they just do not belong. It does not make any sense to this Senator and I hope it does not make any sense to the Senate.

Mr. President, I reserve the remainder of my time.

Mr. TALMADGE. Mr. President, I yield myself such time as I may take.

Mr. President, this amendment was unanimously approved by the Committee on Finance. The Finance Committee has been concerned for many, many years about the fact that many people who father children abandon them, leave them, flee. The children become recipients of welfare and the taxpayers have to support them. The Finance Committee tried to correct this problem and they did take action to correct it.

We provided that when an individual abandoned his family, abandoned his children, fled the State, concealed himself—hid—the State could file a procedure and ask the Internal Revenue Service to help locate him and help collect the money owed for support. That program, Mr. President, is working exceedingly well. Welfare rolls have been going down and people have been required to support their children.

Many articles have appeared endorsing it. It has saved a great deal of money for the taxpayers of this country. Welfare rolls have declined.

The Finance Committee took another step. We decided that, in addition to trying to prevent people from fleeing and forcing their children to go on welfare, we would try to keep them off welfare. My amendment is the next logical step. It also would permit States—not individuals, States—to come in and ask the Internal Revenue Service to help locate a parent that had abandoned his family and is not supporting his wife, not supporting his children. Then the IRS will come to the aid of the State in collecting delinquent payments that had been ordered by a State court but which the State was unable to collect.

Mr. President, that is all there is to it. It does not have a single thing to do with the secrecy of tax returns; it does not have a single thing to do with using IRS as a collection agency for private debt. Private debt is not involved here. The action of a State is involved here, and if States cannot get the cooperation of the Federal Government in enforcing their decrees, something is basically wrong with our Federal Establishment.

Ours is supposed to be a nation where States and the Federal Government work together for the benefit of each other. This amendment, Mr. President, is sorely needed, because if we are going to try to keep our families together we need to run down and catch these people who sire these children, father them, abandon them, and neglect them, who hide; and now, when the State comes in and requests the IRS to do something about it, we want the cooperation of the Federal Government—to wit, IRS—in trying to do something about it.

Mr. President, the Department of the Treasury is not opposed to this amendment. I hold in my hand a communication from a highly respected individual, Dr. Larry Woodworth, whom all of us in the Senate knew. Unfortunately, he has passed on. He was Assistant Secretary of the Department of the Treasury and before that chief counsel on the staff of the Joint Committee on Taxation. I read from his letter dated December 7, 1977:

> We have no objection to extending the section 6305 collection authority in non-AFDC cases.

I repeat, Mr. President, this is not a private debt collection matter. This is to aid the States, under due process of State law, to enforce a decree against a man who has fled and abandoned his wife, abandoned his children, and left them as objects of charity or for the taxpayers to pay for when they go on the AFDC rolls.

Mr. LONG. Will the Senator yield?

Mr. TALMADGE. I yield to my distinguished chairman.

Mr. LONG. Mr. President, is it not true that we have managed to prevail upon the IRS to cooperate in a program that is now bringing in about $500 million to reduce welfare by making runaway fathers contribute something to their children right now, and that the IRS was very reluctant to go along with that, and the committee had to persevere through the years to get that program enacted?

Mr. TALMADGE. My distinguished chairman is entirely correct. When this was first proposed, IRS was opposed to it. But since 1975, the States have collected $3.9 billion in AFDC and non-AFDC child support. It has saved billions of dollars to the taxpayers of this country.

Mr. LONG. Is it not true that the provision we are discussing here is not a situation where a private litigant can call upon the IRS? It would be a case where a State government is doing what it can to help some mother look after her child, and that father, for all we know, might be in the 70-percent tax bracket, remarried to someone who might be making as much money as he is making. He refused to pay for his children, then moved somewhere where they have some local influence, perhaps on his side, perhaps on her side, and the State cannot get the local district attorney to do anything about it.

If they abandon a child—say, for example, in Maryland—and the wife does not want to apply for welfare, she wants to do something for her children and does not want to suffer in silence, when the State of Maryland, for example, tries to help that little mother get something for her children, why should not the IRS cooperate?

Mr. TALMADGE. The Senator is correct and I agree with him enthusiastically and wholeheartedly.

Mr. LONG. The Senator well knows that when Uncle Sam is owed some money, IRS has more capability than anybody on Earth to get that money. That is one thing the Federal Government is best at, extracting money from people. When you have these little children whose mother does not want to go on welfare, and does not belong on welfare, the father is well able to support those children, why should not IRS cooperate?

Mr. TALMADGE. Particularly when the State comes in to aid this abandoned mother and her abandoned children and takes up that matter and asks for Federal action, because IRS cannot get involved until the State comes along. The State has to be involved. When the State comes to the aid of that welfare mother, then only, and not until then, can IRS get involved.

Mr. LONG. Mr. President, I think the Senator has made a very fine suggestion. The committee agreed with him unanimously about this matter. There is no doubt in my mind that we shall save the taxpayers billions of dollars once we get this thing on the basis that it is just the thing to do to support your children if you are able to do so. What costs this Government tens of millions of dollars, actually many billions of dollars, is these braggarts going around the barrooms or places where men congregate, bragging how they escape doing their duty to their children and the mother of those children. It makes people think they can get away with it. What the Senator is seeking to do is say that, when the State has done everything it can to help that mother and her children, the Federal Government must cooperate.

Mr. TALMADGE. Exactly.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SCHMITT. Mr. President, I have listened with great interest to the eloquence of the two Senators, one from Louisiana and one from Georgia, in describing the problem. I agree completely with their analysis of the problem. What I do not agree with is their proposed solution. There are other solutions.

I think both Senators would admit that the IRS is not the only solution to every problem faced by this Government in the collection of money. They collect money very well, perhaps too well. I agree with the distinguished Senator from Louisiana: They are an excellent agency in collecting money. In my opinion, we give them too much authority to collect money. The question is, do we, philosophically, want the IRS to move progressively into being a debt collection agency as well as a tax collection agency? It is my philosophical position that we should not. We should find an alternative means to collect these debts.

They should be collected. I agree with all the statements made about the position that mothers find themselves in. But do not put the IRS any farther into this thing than they are already.

Mr. TALMADGE. Will the Senator yield?

Mr. SCHMITT. Yes, I yield.

Mr. TALMADGE. Mr. President, did I understand the Senator to say that he is

in favor of the existing law that IRS would be used when the State is requesting action when the fugitive father has children on the State AFDC rolls?

Mr. SCHMITT. No. I am not in favor of the IRS being a debt collection agency.

I am not trying at this time to amend the basic law, just to try to prevent its expansion.

I agree with the Senator's analysis of the problem, but not the solution.

Mr. TALMADGE. Is the Senator opposed to existing law where the IRS can help the State collect money from a fugitive father when they are on the welfare rolls?

Mr. SCHMITT. Yes. I think there are other solutions. Not to collecting it, but to the IRS becoming a debt collection agency.

Mr. TALMADGE. Opposed to the existing law as well as the amendment?

Mr. SCHMITT. Yes. The Senator has analyzed my position correctly.

Mr. LONG. Will the Senator from Georgia yield?

Mr. TALMADGE. The Senator from New Mexico has the floor and he yielded to me.

Mr. SCHMITT. I am happy to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, we are collecting right now $500 million a year where the family is on welfare. Does the Senator oppose that?

Mr. SCHMITT. I think I have made myself very clear. My opposition is philosophical to the IRS being a debt collection agency.

I am not asking at this point, I may never ask, that we roll back the law. I am not sure it is possible. But I certainly think it is possible, based on last September's vote in the Senate and, hopefully, on this vote, to prevent an expansion of the IRS into a debt-collection agency.

They have had second thoughts about it. They said last September very specifically they did not want to get into small debt collection with respect to student loans, or anything else.

It is my clear impression that could be extended into this kind of debt collection. It just is not appropriate for us to impose the IRS on the citizenry for any kind of debt collection, and it is not appropriate for us to jeopardize the voluntary nature of our tax structure by a debt collection activity.

As soon as there is a significant amount of IRS debt collection activity, the potential debtors almost certainly will begin to voluntarily withhold more of their taxes, and that would be a very serious consequence in what should be a voluntary tax situation.

Mr. LONG. If the Senator will yield, it seems to me those who are opposed to using the IRS to obtain the information and participate in an effort to make fathers contribute to their children have, over a period of time, pretty well thrown in the towel and agreed that this is a good program, to make fathers contribute something to their children.

We were not getting anywhere until we made the Federal Government participate. At first, the IRS did not want to tell us where the fathers were. We had to pass a special law to make them do that.

So by making those in the Federal Government participate and cooperate, we made a lot of headway in making the fathers do something for their children rather than leave them suffering, or on welfare, or needing to go on welfare.

Mr. SCHMITT. I think the Senator agrees that everything we did in the past might not have been right.

In this case, I think we could have found, and may someday find, a better solution to the problem.

My concern is the integrity of the tax system. It is bad enough that people have to pay as much as they do. But it is clear we must have a system based on voluntary compliance.

What we are headed toward, because of efforts like this and the overwhelming burden of taxes in this country, is a nonvoluntary tax system. That, I think, is something this country can ill afford to have, a nonvoluntary tax system. A negotiated tax system is already creeping into major parts of our economy.

It will cost us an extraordinary amount of money in revenue if we end up in that position.

This is just a further push in the direction of a nonvoluntary tax system, a negotiated tax system, and I do not think we need that position.

Mr. President, the real issue before the Senate on this amendment is the role of the IRS. Is it a tax collector or a debt collector?

If we need a debt collection agency, let us talk about it. But let us not jeopardize the voluntary system of tax payments in this country by having the IRS become a debt collector.

We should face that question directly and not through the back door as is now being done with the AFDC provisions and would be further expanded under the provisions in the bill.

In a sense, the nose of the IRS camel is under the tent and the camel is trying to get in. I would like to bat that nose a bit with a 2 by 4.

I hope we can agree we should keep it out of debt collection, but we should also commit ourselves to finding ways in which debts can be collected.

As a matter of fact, I think that was one of the principal forces behind the passage of the legislation that created the inspectors general. That is what they should be doing, creating within the agencies the kind of environment in which these debts are collected, without resorting to the IRS.

It is a very dangerous area, without adequate philosophical debate, and that is what I hope my colleagues will recognize, also.

Mr. President, I would be happy to yield back the remainder of my time if my colleagues are finished.

Mr. TALMADGE. Does the Senator from Kansas desire time?

Mr. DOLE. Just long enough to make a statement in opposition to my distinguished colleague from New Mexico.

Mr. President, I appreciate the concern of the Senator from New Mexico that the Internal Revenue Service should not be turned into a debt-collection agency with freewheeling powers which threaten the rights of individuals. However, I do not believe the very limited but effective use of the IRS to collect child support payments should be halted.

It is true that the Department of the Treasury opposed this duty originally, but the Senate Finance Committee spent a great deal of time drafting legislation to meet the concerns of the Department when this program was originally put in place. The IRS has not been used to collect child support payments very often, but the authority to use the IRS when necessary is very important.

This program has already been extended to non-AFDC families in the past, but the authority has not been made permanent. The non-AFDC authority was not allowed to lapse because of the objections of the Treasury Department or anyone else, however, but only because the press of legislative business at the end of the last Congress caused a lack of action on a number of provisions relating to the child support, AFDC and social services programs. It is my understanding that the Treasury Department has specifically stated that it has no objection to extending the child support collection authority to non-AFDC cases.

While it is true that the first and most important duty of the Internal Revenue Service is to collect taxes, there does not appear to be a more appropriate agency to collect other debts owed to society which can help ease the tax burden of those who do meet their obligations willingly. Therefore, I oppose the amendment and hope my colleagues will oppose it as well.

(Mr. BAUCUS assumed the chair.)

Mr. TALMADGE. Mr. President, I yield such time as I may need.

Mr. President, I reiterate that the IRS has already done exactly this. The IRS is cooperating with the States to help them run down a man who abandons his wife and his children and, when requested by the State, to collect support payments when the children are on welfare.

All this committee bill would do would be to extend that to help the States enforce decrees that have become State judgments, when the man has fled the jurisdiction of the State, concealed himself, and refused to comply with the court order and the State law.

If we cannot have the Federal Government working in cooperation with the States tc enforce decrees, I do not know what we ought to do, Mr. President.

If I remember my constitutional law, the Constitution of the United States says that all States shall give full force and credit to the judgments of the courts of every other State.

If the Constitution means what it says in giving full force and credit to the judgments of the courts of the States, why should the IRS not come in, when a State says, "Well, Mr. IRS, help us locate this man and collect the support from him."

The man has fled, concealed himself, and will not pay a judgment of the State

of New Mexico, or Louisiana, or Georgia, or Kansas. Why not help the States track him down and make him support the wife he abandoned, the children be abandoned, in order that that wife and children will not become recipients of welfare, rather than force the taxpayers of New Mexico, Louisiana, Georgia, or Kansas to have to step in his shoes and support that family.

Now, what is wrong with that? That is what my amendment does.

Mr. SCHMITT. If the Senator will yield, I will tell him what is wrong with it.

It ignores the basic problem the Senator from New Mexico is raising. The problem is whether the IRS ought to do this, or some other agency.

The IRS is a tax collection agency. It has to stay that or we are going to lose the benefits of a voluntary system. That is the fear of the Senator from New Mexico. The Senate agreed with me last fall, in September, and I hope it will agree with me today.

Mr. LONG. I yield myself 1 minute.

Mr. President, the Senator's argument is based on the theory that the IRS is not a debt-collecting agency. Any time someone fails to pay his taxes, he owes a debt to the United States. At that point, it is the business of the IRS to collect the debt, and they are very good at it. They will put you in the penitentiary, if necessary, in order to make you pay that money. They are so good at it that they should help this woman and her children. Make poppa pay for their support. The IRS knows where to find him.

Mr. President, we are not asking that the IRS initiate the charge. All we are saying is that when a State does everything it can to help that mother and those children so that they can be supported in dignity, as they have a right to be supported by the parent, at that point the Federal Government should cooperate and help. It seems reasonable to this Senator.

Mr. SCHMITT. Mr. President, those little women and little children will have the Government's help in finding the spouses and collecting the money from them, and the agencies are in place to do that, and it does not have to be the IRS. The Senator from Louisiana has to agree with that. It just does not have to be the IRS.

The IRS, in spite of the Senator's semantics, is a tax collection agency. If there is nonpayment of taxes, it is still a tax. You can call it a debt, if you wish. Call it a debt, as the distinguished majority leader once gave us the benefit of. You can call it anything you want, but it is still a tax; it is not a debt.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. SCHMITT. I am happy to yield.

Mr. STEWART. I have listened to the debate with great interest, and I have heard the Senator from New Mexico mention from time to time an alternative agency or an alternative method he has in mind for the collection of these moneys. Will he tell me where he would suggest placing this?

Mr. SCHMITT. First, the basic responsibility will be with the agency under which the program is administered.

The inspectors general were created in order to see that agencies carried out their functions, to minimize fraud and abuse of their programs. This is a form of fraud and abuse of their programs.

First, I would like to see us insist that the inspectors general who are within the given agency do the job they are supposed to be doing. Or, as a supplement, as I indicated, the Veterans Administration is now working at this, and there is a bill before the Senate to give it the authority to use private collection agencies as part of this function.

There are other possibilities, besides the IRS. My concern has to do with the IRS becoming something other than a tax-collecting agency and beginning to erode the voluntary nature of our tax system.

In addition, there are real questions about the Privacy Act and the IRS providing agencies with information they would have. There are real questions as to due process in some instances of this kind. I do not think the IRS should be a collection agency.

I am not at all arguing with the distinguished Senators that we must do a better job than we have done. I am raising the philosophical issue of what the function of the IRS is in this Nation and what the value is of the voluntary tax system, not that we should not try to collect the money.

Mr. STEWART. When the Senator talks about using a private collection agency, is he making that suggestion to enforce a State court decree? Is he talking about that?

Mr. SCHMITT. Excuse me?

Mr. STEWART. Is the Senator talking about using a private collection agency in aiding or assisting a State court decree?

Mr. SCHMITT. This is now being examined by the Veterans Administration as a potential way of collecting debts owed to it. It is under contract to the Federal agency.

It is not my understanding that there would be anything illegal about private debt-collection agencies, under contract, collecting funds for either the States or the agencies under which they fall. Obviously, that is something that will have to be examined.

My point is that we have not looked at the alternatives to the IRS. We immediately turn to the IRS as a collection agency. I do not think that is right. It is one of the fundamental aspects of our tax system.

Mr. STEWART. I thank the Senator.

Mr. SCHMITT. Mr. President, I will be happy to yield back the remainder of my time.

Mr. LONG. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from New Mexico has 5 minutes remaining, and the Senator from Louisiana has 14 minutes remaining.

Mr. LONG. Let me read this:

No amount may be certified for collection under this subsection except the amount of the delinquency under a court order for support and upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse—

The State will pay for the Federal Government to do it—

the United States for any costs involved in making the collection.

Mr. President, it is costing us billions of dollars that we must assess on taxpayers to support these little children, where the father walks off and leaves them. Some of these families, to be sure, are not on welfare. Those we are talking about right now are not, and we do not want them to go on welfare. We do not want to force an honorable, decent woman to go in and apply for welfare when that father is well able to support those children. She should not even be eligible for welfare, because she should be able to obtain support to provide adequately for her children.

Down through the years, we had to fight to make the IRS even tell where those fathers were, when the IRS had the information and knew where to find them. We managed to win that. Then one agency and another did not want to be bothered. We had to overcome that, and in doing so, we are saving the Government about $500 million a year in unnecessary welfare costs. That is just a beginning.

We can save this Government billions of dollars by fixing it so that people cannot escape their duty to their children. Why should not the IRS, which has the information, tell the State where the fellow is? Why should not the IRS, when the State has done everything it can to try to collect support for the children, cooperate and help to collect that money?

We are doing that with regard to the welfare cases. If you want it to work, you will fix it so that it is the thing to do to support your children.

When people thumb their noses at their own children and at the mothers of those children, and when the local and State governments are trying to help those families, we should not require those mothers and little children to suffer in silence. When the State wants to help them, the Federal Government should cooperate.

Mr. SCHMITT. Mr. President, I remind my colleagues that the existing debt-collection efforts relative to AFDC recipients are not particularly overwhelming. In 1978, as I indicated, there were 17 cases, and the total amount involved was $15,000.

I also remind my colleagues that where the IRS creates voluntary compliance through fear—fear of an audit, fear of being caught and not paying your taxes—this debt collection would operate in reverse. The fear would be that the IRS would begin to attach any resources, and withholding would decrease. That is the concern of the IRS.

We would begin to see, if we continued to erode this system by putting more debt collection in the hands of the IRS, an erosion of the voluntary system. As I indicated, a 1-percent decrease in voluntary withholding would result in $4, $5, or $6 billion less revenue to the Federal Government, which would have to be collected in other ways.

I hope my colleagues realize that the vote on this amendment is not a vote relative to whether we should collect the payments or not but whether the IRS should be put further into the business of collecting debts for the Federal Government. There are other and better ways to do it. We must be willing to examine those ways and to put them into place, without violating the tax system of this country or violating the rights to due process of the people of the United States.

Mr. TALMADGE. Mr. President, I will take about 30 seconds.

Every provision of privacy and due process in the code is preserved by this amendment.

It will not add one additional Federal employee to IRS. All it does is call on IRS to carry out the constitutional provision that full faith and credit will be granted to the decree of every State in this Union.

Mr. President, I am prepared to yield back the remainder of my time and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. TALMADGE. Mr. President, I yield back the remainder of my time.

Mr. SCHMITT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Mexico.

On the question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Alaska (Mr. GRAVEL), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 28, nays 66, as follows:

[Rollcall Vote No. 21 Leg.]

YEAS—28

Armstrong	Hayakawa	Riegle
Bayh	Humphrey	Schmitt
Biden	Jepsen	Stafford
Bradley	Kassebaum	Stevens
Danforth	Laxalt	Stevenson
Domenici	Leahy	Wallop
Durenberger	Lugar	Warner
Garn	Mathias	Weicker
Hatch	McClure	
Hatfield	Pryor	

NAYS—66

Baucus	Cannon	Eagleton
Bellmon	Chafee	Exon
Bentsen	Chiles	Ford
Boren	Church	Glenn
Boschwitz	Cochran	Hart
Bumpers	Cranston	Heflin
Burdick	Culver	Heinz
Byrd, Harry F., Jr.	DeConcini	Helms
Byrd, Robert C.	Dole	Hollings
	Durkin	Huddleston
Inouye	Muskie	Schweiker
Jackson	Nelson	Simpson
Javits	Nunn	Stennis
Johnston	Packwood	Stewart
Levin	Pell	Stone
Long	Percy	Talmadge
Magnuson	Pressler	Thurmond
Matsunaga	Proxmire	Tower
McGovern	Randolph	Tsongas
Melcher	Ribicoff	Williams
Metzenbaum	Roth	Zorinsky
Morgan	Sarbanes	
Moynihan	Sasser	

NOT VOTING—6

Baker	Goldwater	Kennedy
Cohen	Gravel	Young

So Mr. SCHMITT's amendment (UP No. 934) was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 745, AS MODIFIED

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Wisconsin (Mr. NELSON).

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON), for himself and Mr. HUDDLESTON, proposes an amendment numbered 745, as modified.

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 935

(Purpose: To amend the maximum level of family benefits)

Mr. METZENBAUM. Mr. President, I call up an amendment, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself, Mr. GOLDWATER, Mr. CRANSTON, Mr. MAGNUSON, Mr. KENNEDY, Mr. WILLIAMS, Mr. MCGOVERN, Mr. DURKIN, Mr. WEICKER, and Mr. EAGLETON, proposes an amendment numbered 935.

The amendment is as follows:

On page 34, strike lines 4 through 11 (inclusive) and insert in lieu thereof the following:

"Any reduction in this subsection which would otherwise be applicable, shall be reduced or further reduced (before the application of section 224) so as not to exceed 100 percent of such individual's average indexed monthly earnings (or 100 percent of his primary insurance amount, if larger)."

Mr. METZENBAUM. Mr. President, I ask unanimous consent that I be permitted to yield the floor to the Senator from South Carolina (Mr. THURMOND) for a period not to exceed 5 minutes and that the 5 minutes not be charged against the consideration of this amendment, either against the proponents or opponents.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I wonder if the Senator would be kind enough to make it about 8 minutes, in view of replies that others may make.

Mr. METZENBAUM. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE NEED FOR REMEDIAL LEGISLATION TO CLARIFY PROBLEMS WITH THE SOCIAL SECURITY "EARNINGS TEST"

Mr. THURMOND. Mr. President, while the Senate has under consideration the pending social security disability legislation (H.R. 3236), I would like to address the need for prompt Senate action on legislation to remedy certain unanticipated and unintended problems that have arisen from application of the changes made in the social security earnings test by the 1977 Social Security Act Amendments. As a result of unforeseen effects of the 1977 amendments, thousands of retired persons have suffered a loss or drastic reduction in social security benefits, and many others who are planning to retire in the near future also face the possibility of substantially lower retirement incomes, if corrective legislative action is not soon forthcoming.

One of the unintentional ramifications of the 1977 Amendments that has greatly concerned me and many of my constituents is the treatment of income earned for services rendered by self-employed persons prior to retirement, but actually received by them after they retire and apply for old age insurance benefits. For example, many self-employed insurance agents receive renewal commissions during their retirement years on policies sold by them before retirement; farmers often are paid, after the time when they began drawing social security, for crops and livestock raised prior to retirement; members of partnerships, including attorneys, accountants, and other professionals, customarily are paid after retirement for services rendered before retirement and for capital contributed to the partnership.

Before the 1977 amendments to the social security earnings test, the receipt of such deferred income after retirement by formerly self-employed persons did not affect their social security benefits, because the recipients were not performing substantial services.

They were, in fact, retired. However, when the law was changed to eliminate the "substantial services" and "monthly earnings" tests, these deferred income payments were counted as "earned income," which causes a reduction in social security benefits if it exceeds the annual earnings limitation amount. It is now clear that Congress never intended this to be the result of the 1977 amendments, and that remedial action is warranted.

In an effort to expedite Senate action on this matter, I introduced S. 2083 on December 5, 1979, and I am pleased that the distinguished ranking member of the Finance Committee, Senator DOLE, joined with me then as an original cosponsor. Several other Senators have introduced related legislation, including Senators DURENBERGER, MATSUNAGA, and DURKIN, and I understand Senator DOLE

also earlier authored a bill to remedy the problem as it relates to farmers. I believe that the distinguished chairman of the Finance Committee, Senator LONG, shares these concerns, inasmuch as he offered an amendment in 1978 with Senator CURTIS to correct some of these inequities. Unfortunately, that legislation was not enacted.

Mr. President, I am prepared to offer an amendment at this time to the pending bill. This amendment would clarify application of the earnings test as it relates to retired, formerly self-employed persons who are receiving deferred payments for preretirement services. However, I have been advised that, although the pending bill relates to social security, this amendment would be considered nongermane. Furthermore, since I introduced S. 2083, the House has passed legislation (H.R. 5295) to take care of this matter and several closely related problems involving application of the new social security earnings test. I believe there is substantial sentiment and good reason to address all of these related problems in one package.

In view of these considerations, Mr. President, I do not intend to offer this amendment at this time. However, I would like to elicit some assurances from the managers of the bill that prompt action will be forthcoming by the Finance Committee to rectify these inequities, which are causing severe hardships for thousands of retired persons. I wonder if the distinguished chairman and ranking member of the Finance Committee would see fit to comment on the prospects for early Senate action on the House-passed bill, H.R. 5295, the bill Senator DOLE and I introduced, S. 2083, or other legislation which might be reported to address these serious problems.

I also hope that the chairman of the Social Security Subcommittee, Senator NELSON, could give us some assurance of prompt attention to this matter by his subcommittee.

Mr. DOLE. Will the Senator yield?

Mr. THURMOND. I am pleased to yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, let me assure the distinguished Senator from South Carolina that I share his concern about this situation. As the Senator stated, the Senator from Kansas did cosponsor legislation with him. The Senator also correctly noted that the distinguished former Senator from Nebraska, Senator Curtis, and the chairman of the committee (Mr. LONG) made certain changes.

I do believe the Finance Committee should act promptly on this issue, and I plan to bring it up at the earliest opportunity this year. We need to look at the total problem of the committee before deciding on how to proceed.

I think the Senator has suggested maybe some kind of a package arrangement. But I hope that we are in a position—at least this Senator is, speaking on behalf of Republicans on the committee—to make some commitments for early action and hearings on this proposal.

Mr. THURMOND. Mr. President, I wish to thank the able and distinguished Senator from Kansas and express my appreciation for his interest.

Mr. President, I yield to the able and acting chairman of the committee (Mr. TALMADGE).

Mr. TALMADGE. Mr. President, the distinguished chairman of the committee has been called out of the Chamber briefly. He will return. I am sure our committee will look favorably upon this matter, if budget limitations permit.

As you know, we are engaged right now in a conference with the House on the windfall profits tax bill, and that will take some time to conclude. We also have other matters that will expire this year.

But I hope that we could get early action of the committee. I am sure I speak for the chairman when I say that the committee will give it urgent consideration.

Mr. THURMOND. Mr. President, I thank the distinguished Senator from Georgia, the acting chairman of the committee, for his consideration of this matter. I yield to the distinguished Senator from Wisconsin.

Mr. NELSON. Mr. President, I wish to say to the distinguished Senator that I can see no problem in the Finance Committee since about 2 years ago the Finance Committee passed legislation addressing itself to precisely the issues which have been raised here as a consequence of the change in the 1977 amendments. We passed the legislation which addressed this problem with regard to farmers, salesmen, teachers, and students in the Senate and it went to the House.

The House has now passed a bill covering all of these problems. I believe they passed it 360 to 0. That bill is now pending in the Finance Committee. So far as I know, there is no controversy about it. At the earliest opportunity I would expect the Finance Committee to act unanimously on this question as it did 2 years ago, and that it would then come to the floor and pass here again. Since we will be passing the House bill, that will resolve the matter.

Mr. THURMOND. Mr. President, I thank the able Senator from Wisconsin, the chairman of the Social Security Subcommittee of the Finance Committee, for his interest in this matter and his commitment, if you will, to try to have hearings as soon as possible. Again, I want to say that the bill the House passed is a package, as the able Senator referred to it, and if we can get action on it soon, it will remedy this situation and will certainly prevent inconvenience to a lot of people.

I thank all Senators.

I thank the able Senator from Ohio for his kindness.

UP AMENDMENT NO. 935

Mr. METZENBAUM. Mr. President, the social security disability amendments which the Senate is considering today contain both progressive and regressive measures.

Although the bill is praiseworthy for its thoughtful efforts to assist disabled workers to return to the work force, we cannot overlook a major provision of the bill which, if enacted, would have deeper and more severe repercussions, than could ever be offset by the total of the bill's progressive components.

Our amendment offered today is cosponsored by Senators GOLDWATER, CRANSTON, MAGNUSON, KENNEDY, WILLIAMS, MCGOVERN, DURKIN, EAGLETON, and WEICKER.

It would modify the cutbacks contained in section 101. I believe they are ill conceived and so harsh that they are punitive. They represent an unwarranted and precedent-shattering cutback of existing social security program benefits.

Section 101 would, if enacted into law, break a solemn agreement between the Congress and the people, a promise which lies at the foundation of the social security contributory insurance system.

It would break the promise we have made to America's 100 million workers, that if and when they need their social security benefits, those benefits will be there for them.

Section 101 is entitled "Limitation of Total Family Benefits in Disability Cases." The title sounds inocuous, but let us look at the effects on a typical American family if it is enacted.

In this family the wage-earner is age 40 with a spouse and two children. If the wage-earner's average weekly wages were $250, and if he is disabled in an accident today, then under the current law, he, his wife and two children would be entitled to a weekly disability benefit of about $184. This constitutes a pretty tight budget for four persons, especially with two growing children.

But, under the bill before us today, that already meager benefit level would be cut down to about $161 a week. This is a loss of $23 a week; we would be breaking our promise to the average American family to the tune of $100 a month.

We would be going back on our word by about 13 percent. In total, this is a $1.5 billion social security benefit cut.

What is most ironic, is that the Congress would be breaking its word to this average family with the worker's own money because the disability insurance program, like the entire social security title II program, is a mandatory contributory program.

I do not believe that we should break our promise to the worker who has put in 20 years of social security taxes. But today's bill presents us with a sweeping average 10- to 15-percent reduction.

The cutbacks mandated in this bill have drawn criticism from respected social security experts and concerned organizations throughout the country. Among those most critical of the philosophy and impact of sections 101 and 102 are six men who are intimately familiar with the social security disability program:

John J. Corson, former Director under President Roosevelt, of the Bureau of Old Age and Survivors Insurance.

Charles Schottland, Social Security Director in the Eisenhower administration.

William Mitchell, Commissioner of Social Security for Presidents Eisenhower and Kennedy.

Robert Ball, the Commissioner of Social Security under Presidents Kennedy, Johnson, and Nixon.

Samuel Crouch, former Director of the Bureau of Disability Insurance under Presidents Eisenhower, Kennedy, Johnson, Nixon, Ford, and Carter; and Wilbur J. Cohen, a distinguished former Secretary of the Department of Health, Education, and Welfare.

And they are joined in their opposition by a spectrum of national organizations, including the National Council of Senior Citizens, the American Association of Retired Persons-National Retired Teachers Association, the Disabled American Veterans, the National Association for Retired Citizens, and the National Association of Catholic Charities, just to name a few.

Well, then, who supports sections 101 and 102? The Finance Committee report argues that the disability program has grown too rapidly, that some disabled beneficiaries receive windfall benefits, and that the general benefit level acts as a disincentive to rehabilitation and to getting the worker back into the work force.

If all these arguments were true, then we would have a compelling reason to move quickly to reassess and adjust the administration of this program.

But the fact is that these arguments are inaccurate and outdated. So I would like to respond briefly to each of these supposed justifications for this unprecedented social security cutback.

Concerns that rapid, unanticipated growth would bankrupt the disability trust fund began in the early 1970's, but are not well founded today. The number of disability applications peaked in 1975, and there has been a strong and steady downturn since then, both in the number of awards of benefits, and in the number of awards per 1,000 insured workers. The Finance Committee's own report notes that there were 94,289 fewer disability awards in 1978 than in 1975, and that the 1978 rate of 5.2 awards per 1,000 insured workers is much lower than the 1975 rate of 7.1 awards per 1,000 insured workers.

The Finance Committee report also notes that—

> In the first 5 months of 1979 this trend continued, with awards in that period about 13 percent lower than for the same five month period in 1978.

So the program has seen a 23-percent decrease in new participation between 1975 and 1978 and is looking at a decrease that could amount to 13 percent fewer awards this year than last year.

Further proof that the disability program is totally under control comes from reading the most recent disability insurance program statistics.

First, there are actually fewer people receiving benefits now than there were a year ago. The program has 13,000 fewer beneficiaries, a reduction of one-half of 1 percent.

Second, the number of disabled workers entering the program over the last 3 months was the lowest of any 3-month total since 1971.

We are actually looking at a program that is growing smaller, not larger, which proves that the administrative remedies have taken hold.

It is very hard to argue that we have a runaway program on our hands.

Next we should look at the assertion that some program beneficiaries receive more in benefits than they had in predisability earnings. This is an assertion that is extremely misleading. The fact of the matter is that the term "previous earnings" means an average from a lifetime of covered earnings.

It is not an accurate representation of total earnings, including fringe benefits, immediately prior to the onset of disability.

But in order to clarify the point and to make it explicitly clear, our amendment, in unequivocally clear language, would make it clear that no person would receive more in security disability benefits than he or she received in average wages during their working years, or than they are entitled to through their primary insurance amount.

This amendment differs from the amendment that I described in my "Dear Colleague letter," in that this amendment answers the one question that I have heard most frequently in discussions of this bill. This amendment sets a firm cap on family benefits, and that cap makes it completely impossible for any worker to get a benefit check that is more than his or her average monthly wages.

This should lay to rest the concerns of those who believe that the disability program has become, not an income replacement program, but a welfare program.

This amendment allows us to maintain the integrity of the trust funds, at the same time that it permits us to return to disabled persons a fair and equitable benefit.

The Finance Committee bill cuts an average of 15 percent off everybody's benefits to get at a few benficiaries whose benefits have been placed in question. This is too high a price to pay, and too precipitate an action to take. It is against the integrity of the social security program.

Mr. President, I believe that these facts argue persuasively against the wholesale benefit cuts which this bill imposes on disabled workers.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD the specific language of the total disability.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

> Section 223(d)(2)(A) of the Social Security Act.
>
> The legal definition of disability: "(A person) shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work."

Mr. METZENBAUM. Mr. President, it is total disability that throws a family into turmoil. It leaves a once productive and healthy worker to a life at home or in the hospital.

It does not become us in the Senate to say to the newly disabled worker, whose own mandatory contributions have gone to build this trust fund. "Sorry, friend. The Senate has decided to break its word to you and your children. We want $60 or $80 or $100 a month back in the trust fund."

Mr. President, we can afford the good provisions of this bill without paying for them through the savings we would realize by enacting the bad provisions.

We can keep our promise to social security contributors and beneficiaries alike. We can eliminate unfair benefits. We can keep an actuarially sound plan, and we can even improve the administration of this vitally important program, if we join to support our amendment to modify the benefit cuts proposed in this bill.

Mr. President, I yield to the Senator from California. How much time does the Senator need?

Mr. CRANSTON. Mr. President, I need about 3 minutes.

Mr. METZENBAUM. Mr. President, how much time does the Senator from Ohio have remaining?

The PRESIDING OFFICER (Mr. TSONGAS). The Senator has 13½ minutes.

Mr. METZENBAUM. I yield 3 minutes to the Senator from California.

Mr. CRANSTON. I thank the Senator.

Mr. President, I am a cosponsor of the amendment offered by the Senator from Ohio. This amendment would refine section 101 of H.R. 3236. This section proposes to place a limit on family disability benefits for individuals becoming entitled to benefits on or after January 1, 1980, based on disabilities that began after calendar year 1978.

It is extremely important that the full story on this issue this section addresses be aired before we come to a vote on this amendment. The Finance Committee report on H.R. 3236 lists several concerns which it says necessitate the severe changes in the family benefit structure. I wish to speak to each of the concerns listed by the Finance Committee in order to place this debate in proper perspective.

The Finance Committee says the benefit formula must be changed because there are several situations where the payment of disability benefits to an individual from a number of public disability pension systems results in aggregate benefits which exceed the individual's predisability earnings. I do not contend that this problem does not exist to some degree, but rather wish to point out that some important questions are left unanswered by the Finance Committee and that the committee report's statement of this problem is incomplete—although I am sure not deliberately so. I am sure, Mr. President, that the report tries to make the best case possible for the committee's action—not to mislead anyone.

Let us first seek to determine how large a population is receiving this so-called windfall. We are told in the committee report that approximately 6 percent of all DI beneficiaries receive benefits exceeding predisability net earnings.

First, it should be made clear that the 6 percent figure is purely conjecture by the Social Security Administration. According to the SSA, it conducted a random sample of 10,000 DI recipients—note that this was prior to the 1977 Social Security Amendments—and used the benefit levels of these 10,000 beneficiaries to estimate average predisability earnings. Even if we assume that the resultant figure is correct, how does the estimate translate into numbers of families and individuals?

Some useful statistics appear in the October 1979 issue of the Social Security Bulletin published by the SSA. In 1978, there were 457,451 disabled workers receiving DI benefits, 6 percent of that number is approximately 27,000 individuals or families, nationwide, who may be receiving various small amounts over their predisability earnings.

Who are those families? The SSA tells us that about 3 in 4 of the estimated 6 percent were earning salaries below the poverty level—$4,000—before they became disabled and that they are still below the poverty level with their DI benefit.

What are other characteristics of these families? In many cases, their "higher than 100-percent disability payment" is caused by the DI supplement for dependents. That means families in this category tend to be young, with dependents, and, because eligibility for workers age 45 and younger is determined solely on the basis of a strict definition of disability—no consideration is given to social or vocational limitations—these young beneficiaries must be severely disabled in order to be eligible.

Most other so-called abusers of this program are from two-earner families. The Finance Committee paints a shocking picture of these cases on page 70 of their October 1979 Finance Committee publication (Committee Print 96–23), but I ask my colleagues to study this chart carefully. The earnings figures are all hypotheticals—and faulty ones at that. First, the Finance Committee chose to suppose high family earnings for its hypothetical cases.

Second, contrary to widespread public knowledge and data, the committee depicts female spouses as earning amounts equal to their male partners.

Third, the committee report ignores two important facts in its post-disability figures: It does not deduct the typical large expenses which accompany disability, and it takes no account of the fact that the spouse of a disabled worker is often forced to stop working or diminish work hours in order to care for the disabled spouse.

Fourth, after assuming a high amount of predisability earnings, it assumes a high average lifetime earnings for the couple in order to hypothesize a post-disability benefit amount. These assumptions make the situation look far more disparate than it really is.

Without better answers to these questions and concerns, it seems that the Finance Committee is proposing drastic measures, affecting all post-1968 DI claimants after January 1, 1980, in order to cure a very small problem. Is this not rather like attempting to kill an ant with a steamroller?

The Finance Committee report further states that public and private actuarial studies show that high levels of benefits, benefits which replace over 80 percent of a worker's predisability earnings, may constitute an incentive for impaired workers to join the benefit rolls, and a disincentive for disabled beneficiaries to attempt to return to the work force.

This supposition must also be examined carefully. With regard to the public actuarial studies, the SSA's own reports fail to support Finance Committee contentions that "high" benefits have kept recipients from returning to work. In order for high benefits to be a disincentive to return to work, the recipient must be able to return to work. The social security DI program is not an easy one to get on. Former SSA Commissioner Ross presented material during Finance Committee hearings showing that over 70 percent of those who consider themselves disabled and apply for benefits are turned away. An April 1979 social security bulletin stated:

> For most disabled workers whose claims were allocated because they were unable to work recovery is not possible and program incentives to foster recovery are likely to have little effect.

The same Social Security Bulletin says:

> It is not possible to determine . . . the direct effect of receipt of benefits on incentives to remain on the rolls.

On page 17, the same April 1979 Social Security Bulletin points out that age and primary diagnosis explain more of the variance in recovery rates than other factors.

The Finance Commitee report cites on page 40 a private sector actuary who said:

> Claim costs increase dramatically when replacement ratios exceed 70 percent of gross earnings.

Not cited was the testimony of Merton Bernstein, professor of labor law at Washington University Law School and author of a prizewinning book entitled "The Future of Private Pensions." Mr. Bernstein submitted testimony to the Finance Committee arguing that comparing private pension plans to the DI program is like comparing grapes to grapefruit for several reasons.

First, the 70-percent replacement level about which the private sector actuary is speaking applies to a percent of total lifetime earnings. In the public DI program, we are talking about a percent of average lifetime earnings—a very different, smaller amount.

Second, private disability plans are generally found only in higher paying jobs where the replacement rate—70 percent—of lifetime earnings may accurately reflect what a family could actually live on. In fact, according to Professor Bernstein, most private plans are designed to facilitate the removal of active disabled workers, and so are intended to offer very high incentives in order to stop work. When the incentive is far lower, there seems to be no basis for assuming the same cause and effect.

Finally, the Finance Committee, throughout its report, alludes to its concern over the rapid growth of public disability programs. However, my colleagues must note carefully two important points made in the committee report itself: First, experts cannot agree what caused the tremendous growth of the program in years past. Second, and most important, the program stopped growing in 1978. Alice Rivlin, Director of the Congressional Budget Office, wrote to Congressman GIAIMO, chairman of the House Budget Committee, in July of 1979 saying that, while the old age and survivors insurance fund is in trouble, the disability insurance trust fund is strong.

Mr. President, it is of utmost importance that my colleagues consider all these points before voting on this amendment, or on final passage to this bill. We must know and understand fully what the problem is before we decide what medicine to prescribe. Then, in choosing the cure, we must also proceed with caution. One does not amputate an arm to cure a broken finger.

In my view, section 101 of the committee bill would merely result in a transfer of problems to another area, and the hardships this section would cause would overshadow by far the supposed immediate savings it would produce.

For these reasons, I urge the Senate to adopt Senator METZENBAUM'S amendment to H.R. 3236.

Mr. METZENBAUM. Mr. President, I am grateful for the support of the distinguished majority whip.

I ask unanimous consent to have added the name of Senator JENNINGS RANDOLPH as one of the cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. I yield to the Senator from Connecticut 5 minutes.

Mr. RIBICOFF. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Ohio. Senator METZENBAUM'S amendment modifies section 101. Section 101 of this bill unreasonably reduce family benefit levels.

In the Finance Committee, I opposed the formulas adopted by the committee concerning these two sections. I continue to oppose them.

It is easy for us in the U.S. Senate to talk in terms of "caps," "formulas" and "budgetary savings," but that is not the real issue before us. The issue is people—disabled, crippled, and paralyzed people. People who can no longer earn a living; people whose whole day may be spent merely trying to sit up in bed; people who cannot bathe themselves; and people who need attendants to feed them. But most important, Mr. President, these are people who at one time were working in the mainstream of the U.S. economy; paying their income taxes and their social security taxes, and now, because of their disabilities, they are unable to work.

If you talk with the people receiving disability insurance, practically all of them would give up all of their benefits just to be healthy and working again.

WORK DISINCENTIVE

Proponents of the committee's reduced "cap" on family benefits argue that these severe cuts in family benefits are necessary to strengthen work incentives and improve recovery rates. Listen to them and you will hear them assert that

"high" benefits deter a recipient from returning to work. This contention is unfounded in theory and fact since it assumes that these disabled people are even capable of returning to work. For the vast majority, this is simply not possible. A look at the criteria used for determining if a person is disabled in the first place makes this obvious.

Under current law, an applicant for disability insurance must be unable because of his or her impairment, to do any work that exists in the national economy regardless of whether or not:

Such work exists in the immediate area in which he or she lives;

There is a specific job vacancy; and

The person would be hired if he or she applied for the job.

Second, given the fact that most disabilities are degenerative in nature, once a person is determined to be disabled, a return to work is highly unlikely. To cut family benefits in the name of work incentives is to ignore reality.

Moreover, Mr. President, the Social Security Administration's own studies fail to support the arguments that "high" benefits have kept recipients from returning to work. The April 1979 study states:

> If a simple disincentive effect in high benefit levels leads to greater benefit dependency, it might be expected that those with the highest benefits would have the lowest recovery experience. The data in this study, however, shows higher recovery rates for those with the highest benefits.

In order for high benefits to be a disincentive to return to work, the recipient must be able to return to work. Most on the program simply cannot work. Moreover, data in the Social Security Administration's own study indicates that those with high benefits return to work in greater numbers.

REPLACEMENT RATES

During the committee's deliberation, there was much discussion about the so-called high replacement rates. That is, social security family benefits replace too much of the beneficiary's predisability earnings. This is simply not true.

The average social security disability insurance benefit replaces only 58 percent of the beneficiary's average lifetime earnings. Furthermore, unlike most private sector insurance plans which attempt to replace income earned immediately prior to disability, social security benefits are based on average lifetime earnings. Therefore, as compared with the private sector, social security replacement rates are lower because a beneficiary's early years of low earnings have to be averaged against his later years of higher earnings which immediately preceded his disability.

Additionally, in regard to replacement rates, the committee focused attention upon the 6 percent of the disabled social security population who receive in excess of their average lifetime earnings. This 6 percent has to be put into perspective. These are people with the lowest predisability earnings. The overwhelming majority of this 6 percent had average annual earnings below $4,000; $4,000 is below the poverty level. Nevertheless, the Metzenbaum amendment effectively reduces the benefits of this 6 percent by providing that no family benefit exceed 100 percent of the worker's average monthly earnings.

Because of their low income, these disabled poor are eligible for benefits under other Federal programs such as SSI and food stamps. But the disabled poor recipient does not get a "windfall." SSI benefits are disregarded dollar for dollar against social security and veterans benefits. And as Senator WALLOP has brought to our attention, disability benefits are offset by workers compensation benefits.

The replacement rates and the benefit levels will be severely reduced by the Senate bill. Under current law, a person with dependents who had average lifetime monthly earnings of $887 receives $724 in family benefits. This is an 82-percent replacement rate.

The Senate bill reduces that $724 benefit level to $635. This constitutes a 72-percent replacement rate and a reduction from current law of 10 percent. This is simply too severe and an intolerable reduction in benefits.

TRUST FUND

In committee the argument was made that greater savings must be achieved and that cuts in family benefits are necessary in the name of fiscal austerity. To this end we are asked to drastically reduce the benefits for disabled, crippled and paralyzed people.

The bitter irony is that the disability insurance trust fund is in no danger of bankruptcy at all.

Furthermore, the annual growth rate of the number of beneficiaries on the rolls is the lowest since the beginning of the program. In fact for the first time ever, the disability insurance program is manifesting a negative annual growth rate and an actual reduction in the number of beneficiaries on the rolls.

Mr. President, I ask unanimous consent to have printed in the RECORD a table to this effect.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Disabled worker beneficiaries in current payment status

	Number of workers (thousands)	Percentage change year-to-year
Beginning of:		
1960	344	40.7
1961	455	36.2
1962	618	35.7
1963	741	19.9
1964	827	11.6
1965	894	8.1
1966	988	10.5
1967	1,097	11.0
1968	1,193	8.7
1969	1,295	8.6
1970	1,394	7.6
1971	1,493	7.1
1972	1,648	10.4
1973	1,833	11.2
1974	2,017	10.0
1975	2,237	10.9
1976	2,489	11.3
1977	2,670	7.3
1978	2,834	6.1
1979	2,880	1.6
1980	2,870	−0.3

Mr. RIBICOFF. Mr. President, in fact, the most recent data available from the Social Security Administration is extremely optimistic and pertinent. The total number of disabled workers receiving benefits for the 3-month period ending with January 1980 is the lowest since the 3-month period ending in January 1971.

Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum from the Social Security Administration.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY ADMINISTRATION,
January 25, 1980.

To Senator Ribicoff's Office.
From Bruce Schobel, Actuary.
Subject: Recent Social Security Experience—Workers Receiving Disability Insurance Benefits.

Social Security program data for the month of January, 1980, became available this week. The number of disabled workers receiving benefits from the DI program at the end of January is 2,866,387. This figure represents a decline of 0.4 percent from January 1979, when there were 2,879,020 workers receiving benefits.

The number of disabled workers awarded benefits in January, 1980 is 28,572. Monthly award data is subject to considerable variation due to accounting periods and other factors. Therefore, a single month's awards should not be considered significant. However, the total of 92,014 for the three-month period ending with January, 1980 is the lowest since the three-month period ending with January, 1971, when the total was 90,557.

BRUCE SCHOBEL.

Mr. RIBICOFF. Mr. President, the Monday, December 10, 1979, issue of the Wall Street Journal reported that the Social Security Advisory Council indicated that the current social security system is financially sound, and that the often voiced fears about the system's failure are unfounded.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY SYSTEM SHOULD BE FUNDED IN PART BY GENERAL REVENUES, PANEL SAYS

WASHINGTON.—A government advisory panel urged broad reforms in the Social Security system to assure its solvency for the next 75 years.

The Advisory Council on Social Security recommended that part of the system be funded by general revenue derived from income taxes, rather than by payroll taxes.

The council said its proposed financing change would reduce the present 6.13 percent payroll tax rate for workers and employers to 5.6 percent next year. And a payroll tax boost could be put off until the year 2005, Council Chairman Henry Aaron told a news conference.

"The structure of financing Social Security would be improved and made more reliable" if the system relied less on payroll taxes, said Mr. Aaron, a Brookings Institution senior fellow. "The overall structure of the tax system (also) would be improved."

The 13-member council, made up of academic experts and representatives from labor, government and business, also recommended to Congress:

Reducing slightly the maximum portion of workers' wages subject to Social Security taxes;

Gradually phasing into the Social Security system all employes of government and nonprofit organizations;

Improving benefits for divorced women, widows and workers at the low and high ends of the wage spectrum;

Eventually increasing to 68 from 65 the age at which a person is eligible for maximum Social Security retirement benefits;

Shoring up Social Security trust funds during periods of high unemployment by tapping general revenues, and,

Subjecting one-half of all Social Security benefits to income taxes.

In a 400-page report to Congress, the advisory council suggested that the switch from payroll to income-tax financing begin next year in the Medicare hospital-insurance program. Part of the current Medicare payroll tax would be used to finance Social Security's largest trust fund, which pays benefits to the elderly and the survivors of a deceased breadwinner.

The council found that the current Social Security system was financially sound, stating that present low levels of the three trust funds are temporary and have "little bearing on the long-run financial strength" of the system. "Fears so often voiced about the security of Social Security are unfounded," Mr. Aaron told the news conference.

The group stopped short of recommending extension of benefits in certain areas, such as for short-term disability. It also refused to endorse the "full-scale shared earnings" idea, under which wives who don't work could receive benefits based on one-half of a couple's combined earnings.

Appointed every four years to assess the Social Security system, the council has seen many of its past recommendations approved by Congress. But Congress has so far ignored previous councils' recommendations to finance part of Social Security by general revenues.

There is considerable political pressure on Congress to roll back current scheduled increases that will boost the payroll tax rate to 6.65 percent by 1981. Some expert groups, such as the Congressional Budget Office, have said such a rollback might be unsound because the elderly trust fund may face cashflow problems as soon as late 1983.

Mr. RIBICOFF. Mr. President, the disability insurance trust fund crisis has passed. Today, however, we are faced with the prospect of a more devastating crisis: further crippling an already disabled population.

CONCLUSION

I am not one who believes that social security benefits can never be cut. That is not the question here. The question before this body is whether section 101 of the Finance Committee bill constitute a fair and reasonable reduction. I do not think so and I urge my colleagues to recognize this and vote for the Metzenbaum amendment.

Mr. President, I praise to the highest extent the distinguished Senator from Ohio for taking the lead in this most important and fair amendment.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Will the Senator from Louisiana yield 5 minutes?

Mr. LONG. Yes.

Mr. DOLE. Mr. President, I certainly appreciate the efforts of the Senator from Ohio.

Again, it is one of these situations where we have mixed feelings. I took the same position in the committee that the Senator from Ohio is taking here. I offered pretty much the same proposal, but I did not succeed. We got into the question of, how can we compromise, how can we not do violence to the program and still have some concern about expenditures?

I say at the outset that my sympathies are certainly with Senator METZENBAUM, but I believe the solution we came up with in the Finance Committee is a fair compromise and I continue to support it.

We debated this issue for some time and we compromised at the figures in the bill.

I guess there are Senators on the Finance Committee, and others on the floor, who would like to loosen the cap, and there are probably just as many who would like to tighten it.

It is my understanding the distinguished Senator from Oklahoma, the ranking Republican member of the Budget Committee, will offer an amendment to, in effect, tighten the program.

So I think the case is made for the committee position. We have on the one hand the Senator from Ohio who seeks to loosen the cap—and I certainly do not question his motives, I can understand the fine support he has. Then, on the other hand, we have someone else who would move in the other direction, who has just as much concern for the disabled and the program, but also understanding the need for some restraint.

When the Finance Committee discussed the family benefit cap, we had the House formula in front of us, and we had other formulas in front of us. Some of the formulas would have achieved more savings than we eventually approved, and others would have achieved less savings. There was concern from individuals on both sides of the issue that we were not proceeding correctly. On the one hand, some members felt that we were not going far enough to limit benefits. On the other hand, some felt that we were going too far in that direction.

Those of us who were concerned that the proposed benefit cuts would unduly harm the disabled—particularly those who will never be able to work again and yet who are still young and have families to support—wanted a much less stringent formula for the family benefit cap than the one passed by the House of Representatives. We suggested that family benefits be limited to 90 percent of an individual's earnings averaged over the 5-year period of highest earnings.

Those who were most concerned about effecting savings to the trust fund wanted a formula more stringent than the House formula, such as 80 percent of average indexed monthly earnings (AIME) or 130 percent of the individual's primary insurance amount (PIA). Because a case could be made for both points of view, and because there was strong sentiment on both sides, we reached a compromise somewhere in the middle as indicated previously.

To move the issue, I offered a formula of 90 percent of AIME or 175 percent of PIA. The chairman suggested that we meet halfway between that formula and the formula in the House bill at 85 percent of AIME or 160 percent of PIA. The committee accepted the chairman's suggestion in the spirit of compromise and with the hope that we could report a balanced bill which included work incentives and administrative improvements but met the budget goals set by the chairman to report no bill from the Finance Committee with a net cost.

I suggest that if this amendment is adopted, and particularly since we have adopted that of the Senator from Indiana (Mr. BAYH), there will not be any net savings.

Let me point out to both sides that we have included in the bill a mandate for the Secretary of Health, Education, and Welfare to monitor very carefully the impact of the family benefit limit and to report to the Congress on its effects. If we find that we should change the cap—either loosen or tighten it—we will have that opportunity after we have more information on the effect of the limit.

The PRESIDING OFFICER. The Chair advises the Senator from Kansas the time has expired.

Mr. DOLE. One additional minute?

Mr. LONG. Yes.

Mr. DOLE. So, Mr. President, I suggest a good-faith effort was made. A lot of time was devoted to this particular issue.

Those of us on the committee who felt, as the Senator from Ohio felt, did not have the votes. Those of us who felt as the Senator from Oklahoma may feel did not have the votes. It was not a clear cut decision. We agreed on a compromise.

The Senator from Kansas accepted that. It seems to me, if we want any bill at all passed today or tomorrow, whenever we finish this bill, we ought to stick to that compromise.

I thank the chairman for letting me proceed.

Mr. LONG. Mr. President, have the yeas and nays been ordered on the amendment?

The PRESIDING OFFICER. They have not.

Mr. LONG. I ask for the yeas and nays.

The PRESIDING OFFICER Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the disability program is costing far more than anyone ever anticipated. It was estimated in the beginning that this program was going to cost us about one-half of 1 percent of payroll over the long run.

By those standards, Mr. President, the program at this time would be costing us about $4 billion, if we had been able to hold the disability program to what we intended when we got into it.

The distinguished Senator from Georgia at that time, the Honorable Walter George, made the speech on behalf of the minority on the committee who were supporting the amendment and he made a very persuasive statement that the cost could be contained. I have no doubt he was completely sincere in that.

I am sure that great statesman would be very disappointed if he were with us today to look and see how this cost is running four times the estimate. The long-range cost is running almost 2 percent of payroll, and in 1979 it cost about $14.3 billion.

The reason it has run so high is because when the benefits are so generous for people who are declared to be disabled, it provides an incentive for people to contend they are disabled, to convince themselves they are disabled, and to convince other people they are disabled.

When they undertake to do that, it is very difficult to prove that they are not, in many situations, and many of these cases have a lot of compassion to them.

When people have a disability, they have a limitation. But they are not totally and permanently disabled as this bill and this law contemplates. As a matter of responsibility, we on the Committee on Finance, as did our colleagues in the House of Representatives, sought to contain the cost of this program.

Mr. President, the House sent us a bill that would have saved, over a 5-year period, $2.664 billion. They recognized the problems we are speaking to here. We on the Finance Committee tried to do our best to discharge our responsibilities to the taxpayers, and we proposed a bill that would have saved, overall, about $914 million over that 5-year period. In effect, we would have tightened up on the loose ends and loosened up on the tight ends, so that the program would make better sense, as we see it, to take care of meritorious programs more generously and at the same time cut back on some things where we felt the program had gotten out of hand.

The Bayh amendment, as agreed to by the Senate, would reduce that $914 million saving over the 5-year period down to $74 million. If this amendment is agreed to, the noble efforts of the House committee and the House of Representatives to save us $2.664 billion—I confess, not as well achieved in the Senate Finance Committee on the economy part, but still a statesmanlike effort to save us $914 million—will have descended to where the cost of the program will be increased by $731 million over the 5-year period.

So, what started out to be a courageous effort to trim the cost of a program that is out of hand would be reversed, and the bill would bring about a big increase in cost rather than a reduction. I challenge whether we would be justified in doing it.

Let us take one simple case. The people who came here to speak for insurance companies said it is foolhardy to pay for disability more than 60 percent of what the person had been making prior to his disability. They said it is not a good insurable risk if you pay more than 60 percent, because of the great temptation to claim the benefits when he does not have to work. Beneficiaries do not have to pay taxes on these benefits. Furthermore, they have no work expense. They do not have to take transportation to and from work. They do not have to launder their clothes as often. They can stay home.

When we take that into account, Mr. President, and assure someone who has succeeded in having himself put on those rolls as disabled that he is going to get 100 percent of what he was making before, in terms of dollars that means he is really getting something like 120 percent or 130 percent. For sitting around the house, he is getting 130 percent of what he was earning, because he has no work expenses and no taxes to pay.

Mr. President, it is rather foolhardy and it conflicts with all experiences and all insurance principles to make it so generous that people make more money by being disabled or being declared disabled than when they are working on a job.

The committee discussed this. We talked about being more generous and less generous. In looking at the House bill, which would have fixed the rate at about 80 percent, it was proposed to go as high as 90 percent. After considering the various considerations involved, we decided that we would compromise on 85 percent. But that 85 percent of predisability earnings, when we take taxes and expenses into consideration, could result in more net income than the person had when he was working, and that does not make too much sense.

The House had the overall basic benefit set at 150 percent. We set it at 160 percent.

Mr. President, this amendment would cost an additional $805 million over the next 5 years. It would turn a bill that started out to be one to bring the runaway cost of a program under control into one that would accelerate the runaway cost of the program.

Just as a matter of responsibility and duty, to try to protect the taxpayer and to see that his money is spent wisely, that we are not taxing him needlessly, I cannot support the amendment, and I hope very much that the Senate will not agree to it.

I know that the administration was opposed to the Bayh amendment and that the administration will be concerned about this. I think everyone will agree that there are a lot of good provisions in this measure. I fear and I believe that to adopt the amendment would mean that the Senate and the committee would have done its work for naught, that the whole thing would wind up going down the drain.

If it did get as far as the President's desk, I fear the President would feel compelled to veto the bill. I would hate to see that. We have worked hard on the bill, and it contains many provisions that should be enacted. If we upset the apple cart and engage in fiscal irresponsibility, it seems to me that the bill will not become law; and all our good intentions and our desire to benefit workers and their dependents will have failed.

Mr. President, I will read one paragraph of a letter from the Commissioner of Social Security, William J. Driver:

The bill represents a balanced policy to improve protection and opportunities for those entitled to disability benefits while strengthening the insurance principles of the disability insurance program. I hope you will keep these points in mind as you consider H.R. 3236, and oppose any significant amendments designed to breach the balance the Finance Committee has reached in their legislation.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE COMMISSIONER
OF SOCIAL SECURITY,
Washington, D.C., January 29, 1980.

DEAR SENATOR: The Senate will shortly consider legislation that would make significant improvements in the social security disability program. The bill, H.R. 3236, was approved without objection by the Finance Committee on November 8.

The bill contains provisions which expand benefits in the disability insurance and the supplemental security income programs and alleviate some of the risks faced by the disabled who want to try to return to work. The legislation would extend Medicare protection for an additional 3 years after a disabled person returns to work. It would permit the disabled to deduct impairment-related work expenses in determining whether they meet the disability earnings test. And, it would permit automatic reinstatement of benefits to those disabled beneficiaries who are unsuccessful in their work attempt. These work incentive features of the bill are consistent with what the handicapped groups have advocated for the program.

This legislation also makes administrative improvements that will result in a fairer, more efficient claims process.

You are no doubt aware that there is opposition to H.R. 3236 because of two provisions that would adjust benefits for some future beneficiaries. One would adjust benefits to workers with dependents so that disability payments would not exceed the earnings on which they are based. A second provision would equalize the way benefits are computed for younger workers so that they are not treated more favorably than older disabled workers.

While the benefit reductions in the bill before the Senate would be less than those in the House passed bill, H.R. 3236 would still save some $600 million by 1984. Whichever version of these provisions is finally enacted, both provisions would improve the equity of the social security disability insurance program and are essential features of the bill.

In the legislation before the Senate:

No current beneficiary would be adversely affected.

The worker's own benefit would not be subject to a cap.

The elderly and the retired would not be affected.

Eligibility requirements for benefits would not be changed.

This legislation is the result of careful study by the Administration and the Congress of the disability program. Examination of the program leads to the conclusion that the program treats some workers more generously than others by providing benefits that exceed pre-disability earnings. These benefits are not consonant with sound social insurance principles. Other features of the present law are clearly disincentives for those disabled beneficiaries who want to return to work.

The bill represents a balanced policy to improve protection and opportunities for those entitled to disability benefits while strengthening the insurance principles of the disability insurance program. I hope you will keep these points in mind as you consider H.R. 3236, and oppose any significant amendments designed to breach the bal-

ance the Finance Committee has reached in their legislation.

Sincerely,

WILLIAM J. DRIVER.

Mr. LONG. Mr. President, the letter is not directed at this particular amendment; but it seems to me that this amendment does clearly breach the balance that Mr. Driver referred to in his letter.

Mr. MOYNIHAN. Mr. President, will the Senator from Ohio yield me 5 minutes?

Mr. METZENBAUM. I yield 5 minutes to the Senator from New York.

Mr. MOYNIHAN. Mr. President, I support my esteemed colleague, the distinguished Senator from the State of Ohio. I concur with his eloquent argument that it would be wrong to place a cap on disability benefits. I voted against such a cap in the Committee on Finance, and I will vote against it today. I would just like to add a few additional comments on the difficult and unfortunate situation we face.

The Social Security Act, the mainsail of our domestic and social policy, has been virtually untrammeled since its inception in 1935. We have, over four decades, strengthened, not weakened, its provisions. What we see before us today is a direct and dangerous assault on the integrity and realiability of our social security entitlements. It is an attack not on disability insurance alone, but on the system as a whole. For by opening up one program to reductions, we set a precedent for future cutbacks in all our entitlement programs.

Just a few short months ago, I stood here arguing the importance of supporting these entitlements. The context then was the Labor-HEW appropriations bill. As we considered slashing that appropriation in the name of eliminating waste, fraud, and abuse from our AFDC and medicaid programs, I warned that next we would be considering cutting the entitlements to pensions for the elderly, the disabled, and the retired. I did not think that that day would arrive so soon, however, and the development does not please me.

Disability benefits, like old-age benefits, are financed through the payroll tax. It is a contributing system from the standpoint of a future beneficiary, in one's long-term financial security. Until now, no one would have thought to slash these benefits, and imperil that security. But now we stand here and are told to put an artificial cap on benefits for the disabled, for people who have contributed throughout their working lives.

It is cruel and it is unfair. We are considering this benefits cap, and this reduction in "drop out years" in the name of saving money. But think about how we are going to save money. We will be cutting costs by hurting those most dependent on Federal help—the disabled, those who cannot work. It is these dependent people that we choose to burden with our impulsive parsimony.

The proponents of the bill would not have us view matters that way. They assert that the costs of disability insurance have skyrocketed, that the rolls have swollen with people undeserving of benefits. The only way to reduce the expense, they suspect, is to cap benefits and try to push people off the social security rolls, presumably by forcing them to return to work.

But will this be the effect? People will not return to work if they are unable to. Instead, they will be forced to accept SSI, welfare, or home relief. We will simply be shifting some of the burden of helping the disabled onto our programs of public assistance. Cutting benefits will not produce a reduction in costs; it will just reallocate some of the expenses from one program to another—and from one tax to another.

Is this the intent of the legislation? Is this how we want to reduce Federal spending? Our priorities seem rather confused. Are we not, by cutting these benefits, penalizing those who will in the future become disabled because of past growth of the program? It seems to me that this is the case, and it seems to me unfair. Not least because we seem to be fighting the last war. We know that the tremendous growth of the disability program has slowed over the past few years. From 1960 to 1978, for example, the number of persons receiving disability benefits grew from just under 700,000 to almost 4.9 million. However, this rate of growth has slowed, and the total number of persons receiving payments seems to have leveled off, at slightly less than 4.9 million, since the last quarter of 1977. In 1979, the rate has declined still more. Secondly, although there has been a slight decrease in the absolute numbers of people receiving disability insurance benefits there may still be some on the rolls who should not be. In any complex national program paying individual benefits to millions of people there is certain to be some confusion, inefficiency, and waste. We have learned much about these phenomena in hearings that I recently held. But we also learned that the problems of needless expenditure result much more from agency waste than from client fraud. And if this is so, then we should be attacking the waste, from the administrative end, rather than slashing the entitlements to the poor and the disabled. We cannot penalize the needy for the sins of the bureaucracy.

There is yet another—and far more fundamental—matter at issue here. The legislation before us is not the result of a disposition in the Finance Committee to take money away from the disabled. The impulse originated elsewhere. Five years ago, Congress passed the Congressional Budget and Impoundment Control Act of 1974. This was thought to be a progressive reform of our budgetary processes and a necessary defense of cherished programs against the executive branch's increasing inclination not to spend the funds appropriated for them. As such, it was supported by many liberal Congressmen and interest groups at the time. They favored a means of insuring congressional control over budgetary decisions.

But as is painfully obvious today, the Budget Act has had some results of quite a different character. Instead of protecting valuable programs, it has become a means of attacking them, and of doing so in a particularly insidious way. Those who prepare the annual budget resolutions—and as a member of the Committee on the Budget I know this process well—never have to take responsibility for the concrete results of their actions. The budget resolution simply directs the other committees, in this instance the Committee on Finance, to cut a certain amount of money somewhere. It is suggested that a portion of this come out of the "income security function." And then it is left to the Finance Committee to decide whose benefits to cut. We are free to slash the benefits of dependent women with children, of indigent hospital patients, of retired persons who worked 40 years for their social security "pensions," of able-bodied persons who were thrown out of work by the closing of a factory, or of disabled persons who cannot work. It matters not that these are entitlement programs. It matters not that persons have come to rely on them. It matters not that reducing these entitlements is harsh. It matters not that in an important sense it is irresponsible.

Those who crafted the budget resolutions that precipitated the "savings" in the bill before us today are free to say "We did not mean for you to cut disability benefits!" They could say that no matter what particular set of entitlements were under the legislation knife.

When the Budget Act was new, I was a professor of political science with a graduate student who was thinking of dissertation topics. I suggested that he might undertake to forecast the events that would result from the Budget Act. And even as a fledgling observer of national affairs, he accurately predicted the sequence of events that we are now living through. He anticipated, 5 years ago, that the new budget procedures would yield "super committees" which, in the name of fiscal responsibility, could command the most irresponsible of social policies without ever having to be held responsible for them.

It is a particular irony that those who today are most upset about the reductions in disability benefits contained in H.R. 3236 include many of the same liberal-minded individuals and groups who were most enthusiastic about the Budget Act in 1974.

I point no fingers and mean to imply no blame. We are living with the consequences of the Budget Act. Some of them are laudable and necessary. Others are—there is no other word—cruel.

Those of us who believe that an entitlement program authorized by the Social Security Act represents a solemn commitment by the Federal Government to the citizens of the United States are now forced into the role of "budget busters." It is not, if I may say, a pleasant position to be in. Nor are we apt to win many battles. But we must do our best, and we will.

Congress does not have to cut entitlement programs that provide the most—and often the most meager—sustenance for some of the least fortunate persons in the land. We must not allow ourselves to be coerced by the

Budget Act into accepting such cuts. I do not accept the cuts embodied in sections 101 and 102 of the bill before us, and I hope that the Senate will demonstrate that it does not by embracing the amendment of the Senator from Ohio.

Mr. President, I point out a matter which is of some concern to me, and I think it may be of concern to others.

The Committee on Finance, of which I am a member, is responding here today not basically to any concerns which arose within our committee with respect to this program but, rather, to a directive we received from the Budget Committee to reduce expenditures for income maintenance.

I do not in the least argue that the Budget Committee has faced difficult decisions this past year, when this decision and directive were made. I am a member of that committee. Even so, I believe that the way in which a working majority of the Budget Committee, through no fault whatever of the chairman, is opposed to so many social enactments of the past generation is having an ominous effect.

We are simply told, "Cut those programs." We are not told which programs, we are not told how to cut them. Those who give that directive are not thereafter responsible for any specific result and can disclaim the intent that it should have been this particular program. Yet, they have nonetheless required that it be one of a very narrow range of programs, all of them in the field of social welfare.

It has become a baleful fact that those who have other uses for Federal moneys—and there always are those, and a majority of the Budget Committee certainly has no special use for this function of the budget, as it is called—it has come to the point where it has simply directed that the "income security function" be cut, and the Federal Government begins to take away what have been understood as entitlements at law when they were enacted.

It was not but about 4 months ago that I stood on this floor with respect to a not dissimilar matter in the social security area and said if we can take away from women and children, which was the question then in the AFDC program, what was considered their entitlements, then the day will not be far when we can take away entitlements from the retired, the sick, and the disabled. Indeed that day has not been far coming.

We have a responsibility to the social security program as a right provided by law; a right not to be diminished in the name of a budgetary action.

If Congress should wish to diminish it by statute, directly addressing the results of the action of such cuts, then this would be another matter. But this is not such a case and it is a very unhappy precedent.

I congratulate the Senator from Ohio for carrying on this battle. It is not over, but we are today doing something that was never thought would be done by this Congress, and we are doing it in response to an act which was one of the favored enactments of the progressives in this Chamber when it took place 5 years ago. It has not taken long for it to become an instrument of certainly anything but progressive social actions.

I am sorry this is happening. I hope this amendment will be approved.

I thank the Chair.

Mr. METZENBAUM. Mr. President, I thank the support of the distinguished Senator from New York.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, I simply wish to clarify two points very briefly.

One, there is no effort in this bill to break the cap, as has been suggested by the distinguished minority Member of the minority handling this measure.

As a matter of fact, what is happening is that the cap is being broken by the Finance Committee bill because it is pushing the cap down on a negative basis.

The second thing I wish to point out is that the very distinguished manager of the bill, my good friend from Louisiana, mentioned that there was a threat of a veto. The best information that I have is that there is no such threat of a veto if this amendment is adopted. And if the Senator from Louisiana knows of information to that effect he knows more than I do because we have been advised, at least by the White House, that this is not the case, but if I am misinformed then I stand to be corrected.

Am I correct on that? Is there some specific threat of a veto if the amendment is adopted?

Mr. LONG. What I said is that if this amendment is agreed to in addition to what we already have, and if we lay on the President's desk a bill that is going to lose $731 billion it certainly violates the objectives Mr. Driver set forth in his letter, and I think because of the cost of the bill and the burden on the budget the President would necessarily have to seriously consider vetoing the matter.

Mr. METZENBAUM. I appreciate the clarification. That is the Senator's thought.

Mr. LONG. But I would not want to say to the Senator that I have been told that the bill will be vetoed. I have not been told that. But I think what I said speaks for itself and I will leave it.

Mr. METZENBAUM. I appreciate the clarification and thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, the Senator from Oklahoma wishes to offer an amendment to the amendment, as I understand it. That being the case, as far as the Senator from Louisiana is concerned, in order that that might be achieved, I should think it would be appropriate that I yield back the remainder of my time and perhaps the Senator might yield back the remainder of his time. Then I will be glad to see that he has at least half the time to speak on the amendment to be offered by the Senator from Oklahoma because I am very sure he will be opposed to it.

Mr. METZENBAUM. With that understanding, I certainly have no objection and yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The Senator from Oklahoma.

UP AMENDMENT NO. 936

(Purpose: Substitute amendment to Metzenbaum UP Amendment No. 935, to amend the maximum level of benefits)

Mr. BELLMON. Mr. President, I send to the desk a substitute amendment for the Metzenbaum amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment numbered 936 to the unprinted amendment of the Senator from Ohio (Mr. METZENBAUM) numbered 935.

In lieu of the language proposed to be inserted, insert the following UP amendment 935:

any reduction under this subsection which would otherwise be applicable, shall be, reduced or further reduced, (before the application of section 224) to the smaller of—

"(A) 80 percent of such individual's average indexed monthly earnings (or 100 percent of his primary insurance amount, if larger), or

"(B) 130 percent of such individual's primary insurance amount.".

Mr. BELLMON. Mr. President, I yield myself such time as I may require.

This substitute amendment has the same effect as the amendment that had originally been filed and printed as amendment No. 741.

What the amendment does is to provide for a lower family benefit cap than is proposed in the reported bill. It would limit monthly disability insurance benefits for future beneficiaries—I underline the word "future"—for future beneficiaries and their families to the lesser of 80 percent of the worker's averaged index monthly earnings or 130 percent of his or her primary insurance amount.

This amendment will save about $2 billion in Federal funds over the next 5 years. This may sound like a huge cut in the program, but it amounts actually to less than 6 percent of the $35 billion cumulative growth which will take place in the social security disability program costs over the next 5 years under the Finance Committee amendment.

The combination of this amendment and the changes recommended by the Finance Committee will reduce the growth—now I am not talking about reducing the program; we are talking about reducing the growth in costs of the program by about 10 percent over the next 5 years. In other words, even with my amendment there will still be a very considerable amount of growth in this program.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing the effect of this amendment compared with current law and the Finance Committee's amendment.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—ESTIMATED OUTLAYS FOR SOCIAL SECURITY DISABILITY INSURANCE BENEFITS

[Based on projections by Congressional Budget Office; in billions of dollars]

Fiscal year	Current law	H.R. 3236 as reported			Amendment No. 741 (Bellmon)		
		Amount saved	Net outlays	Growth over 1979	Additional amount saved	Net outlays	Growth over 1979
1979	14.0						
1980	16.1	0.043	16.0	2.0	0.066	16.0	2.0
1981	18.5	.135	18.4	4.3	.231	18.1	4.1
1982	21.9	.275	21.6	7.6	.419	21.2	7.2
1983	24.0	.467	23.5	9.5	.586	22.9	8.9
1984	26.7	.693	25.8	11.8	.737	25.1	11.1
1980–84 total	107.2	[1] 1.590	105.3	35.2	2.039	103.3	33.3

[1] Increases in administrative costs and changes in other programs cause the overall net 5-yr. savings in the Finance Committee's version of H.R. 3236 to be only $914,000,000.

Note: Totals may not add due to rounding.

Mr. LONG. Mr. President, will the Senator yield to me one moment?

Mr. BELLMON. I yield.

Mr. LONG. Mr. President, I ask unanimous consent that the time in opposition to the Bellmon amendment be assigned to the Senator from Ohio (Mr. METZENBAUM).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I also wish to stress that this amendment does not cut benefits to any person already drawing these benefits. It applies prospectively to persons who will be coming onto the rolls in the future.

This amendment was offered in the House Ways and Means Committee by Representative GEPHARDT and was rejected on the House side by only two votes.

Mr. President, increases in the disability rolls must be a concern to all of us.

Mr. President, I ask unanimous consent that tables showing the growth of disability enrollments in the social security and supplemental security programs be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 2.—GROWTH IN THE DISABILITY INSURANCE PROGRAM

Year	Number of insured workers (in millions) [1]	Applications		Disabled-worker benefits in current payment status		Disability termination rates (rate per 1,000 average beneficiaries on the roll)
		Number received (in thousands)	Rate per 1,000 insured workers	Number (in thousands)	Rate per 1,000 insured workers	
1968	70.1	719.8	10	1,295.3	18	109
1969	72.4	725.2	10	1,394.3	19	108
1970	74.5	869.8	12	1,492.7	20	100
1971	76.1	924.0	12	1,647.7	22	96
1972	77.8	947.5	12	1,832.9	24	84
1973	80.4	1,067.5	13	2,016.6	25	84
1974	83.3	1,331.2	16	2,236.9	27	81
1975	85.3	1,284.3	15	2,488.8	29	75
1976	[2] 87.0	1,233.3	14	2,670.2	31	68
1977	[2] 88.8	1,235.3	14	2,834.4	32	72
1978	[3] 90.6	1,184.7	13	2,879.8	32	

[1] As of Jan. 1 of following year.
[2] Based on preliminary data.
[3] Projection by the Office of the Actuary, Social Security Administration.

TABLE 3.—GROWTH IN THE SSI—DISABILITY PROGRAM

I. FORMER STATE-RUN PROGRAMS FOR AGED, BLIND, AND DISABLED

Year	Number of beneficiaries			Blind and disabled as percent of total
	Total	Old age assistance	Aid to blind and disabled	
1968	2,809,700	2,027,000	782,700	27.8
1969	2,957,600	2,074,000	883,600	29.9
1970	3,098,000	2,082,000	1,016,000	32.8
1971	3,172,300	2,024,000	1,148,300	36.2
1972	3,181,800	1,933,000	1,248,800	39.2
1973	3,172,900	1,820,000	1,352,900	42.6

II. SUPPLEMENTAL SECURITY INCOME PROGRAM (SSI)

1974	3,996,064	2,285,909	1,710,155	42.8
1975	4,314,275	2,307,105	2,007,170	46.5
1976	4,155,939	2,147,697	2,088,242	50.2
1977	4,237,692	2,050,921	2,186,771	51.6
1978	4,216,925	1,967,900	2,249,025	53.3

Mr. BELLMON. Mr. President, I wish to comment briefly on these two tables. In December 1968 about 1.3 million disabled workers were drawing social security benefits. Ten years later, in December 1978, the number drawing benefits had grown to 2.9 million, an increase of 123 percent.

It is important to keep in mind that there were no significant changes in the definition of disability during the 10-year period. During those 10 years the incidence of disability rose from 18 workers per thousand to 32 workers per thousand, almost double.

Even these figures on the social security disability insurance program only tell part of the story. In 1974 the Federal Government took over from the States the welfare programs for the aged, blind, and disabled. The disabled portion of that new program, called the supplemental security income program, SSI, has also grown rapidly. Indeed, the number of disabled persons receiving SSI now exceeds the number of aged recipients in that program, something that was never dreamed of when the program began.

Mr. President, let me repeat that for emphasis. The number of disabled persons receiving SSI now exceeds the number of aged recipients, which is not something any of us expected when we voted for SSI.

In December 1978 approximately 2.2 million persons received disability benefits under the SSI program. This is a growth of 175 percent over the 800,000 receiving disability aid under the predecessor State programs in December of 1968.

So again, Mr. President, let me point out what happened after the Federal Government instituted the SSI program. In December of 1978 there were 2.2 million persons who received disability benefits under that program. That is 175 percent more people than were receiving benefits 10 years earlier under the State programs which SSI replaced.

If we add up those totals, Mr. President, and if we adjust the totals for people who receive both SSI and social security disability insurance, we find that the combined enrollments in the two programs have ballooned from about 2.1 million in 1968 to about 4.3 million in 1978, a growth of 105 percent in 10 years.

While many of the people receiving these benefits unquestionably need and deserve them, we must ask whether these numbers suggest that we have been either too generous with benefit levels or too lax in screening people or, perhaps, we have been negligent in both.

The average social security disability monthly benefit payment has increased from $118 to $328 from 1969 to 1978.

This is a 178 percent increase during the period when the cost of living rose by about 80 percent.

Even more significant is the fact pointed out by the Finance Committee report that in 1976 a newly retired worker with dependents who had median earnings got disability benefits equal to 90 percent of his predisability earnings, up from a 60 percent replacement ratio in 1967. Part of this is due to the overindexing of benefits under the automatic increase provisions enacted in 1972. This problem was partly corrected by the 1977 amendments which revised the benefit formula, although benefit levels will still rise faster than inflation under the law as it now stands. Higher benefit levels have undoubtedly been an important factor in the increase in the disability incidence rate that has occurred between 1968 and 1974.

At the same time that there have been sharp increases in the disability incidence rate, there have been decreases in termination rates. Those rates have decreased from 109 per 1,000 beneficiaries on the roll in 1968 to about 72 per 1,000 in 1977. Benefit terminations result from both deaths and recoveries. While it is encouraging that the rate of terminations because of death have been dropping, we must be concerned that the rate of terminations because of recovery has also been dropping. This has occurred despite a large investment in rehabilitation services and despite the trend toward younger recipients coming on the rolls. Again we must ask whether the higher benefits have caused people to find ways of staying on the rolls once they get on them.

Mr. President, I would like now to comment a little further on the matter of increased benefit levels. When disability benefit levels approach or exceed predisability earnings, there is a work disincentive. Earlier this year the Secretary of HEW stated that 6 percent of DI beneficiaries receive more through their DI benefits than their net earnings while working and that 16 percent have benefits which exceed 80 percent of their net prior earnings. High replacement rates are an incentive for an impaired worker to file for disability benefits and for those already on the rolls to be dissuaded from returning to work. If we do not change the law these high replacement rates will clearly become even more of a problem. As I have already said, the worker with median earnings when qualified for benefits in 1976 received disability benefits equal to 90 percent of his predisability earnings.

In discussing this problem, the Finance Committee report on H.R. 3236 stated the following:

> Disability income dollars are, in general, much more valuable and have much more purchasing power than earned dollars. The DI benefits are fully tax exempt, as are insured benefits except for employer-provided benefits in excess of $100 a week. For a worker with a spouse and a child, paying an average state income tax, 50 percent of salary in the form of disability benefits may well equal 65 percent or more of gross earnings after tax. In addition, the disabled individual is relieved on many expenses incidental to employment such as travel, lunches, special clothing, union or professional dues, . . . (Page 39, Report No. 96–408)

Furthermore, Mr. President, the income lost due to disability does not create hardships for many of the families affected to the extent one might think. Again, the Finance Committee's report is perceptive on this point:

> Analysis done by the Congressional Budget Office further indicates that it is not correct to assume that a typical disabled worker family is dependent entirely or almost entirely on social security benefits. Disabled workers in families with children derive on average only about 40 percent of their total cash income from social security benefits. The analysis indicates that very few worker families have more than a 10 percent reduction in disposable income as a result of disability. (Page 40, Report Number 96–408)

Now, Mr. President, I am not suggesting that many families are not hurt economically by having the breadwinner disabled. Quite the contrary. We need to provide disability benefits to those who are truly disabled. But we must also take care not to encourage people to file for disability—or to stay on the rolls after they once have been determined disabled, by giving them an economic incentive to do so. My amendment would provide for a family benefit cap equal to 80 percent of the individual's averaged indexed monthly earnings (AIME) or 130 percent of his or her primary insurance amount (PIA) whichever is lower. The 80 percent of AIME is the same as the House-passed provision, while the Senate Finance Committee has recommended 85 percent. The 130 percent of PIA alternative ceiling was rejected in the House Ways and Means Committee by only two votes, with the House eventually adopting a 150-percent ceiling. The Finance Committee on the other hand has recommended a ceiling of 160 percent of PIA.

I believe that the cap proposed by my amendment will adequately provide for a worker and his or her family, while still providing the worker with an incentive to return to work. We must remember, Mr. President, that the cap is 80 percent of the average gross income which results in 100 percent replacement of income after taxes and work expenses for the typical case. A disabled worker does not pay any state, Federal or payroll taxes, work expenses, union dues, etc. The 130 percent limitation affects those recipients at the higher end of the income scale, not those who have lower preretirement incomes.

The 80/130 cap on family benefits is fair and adequate. Private insurance companies generally limit benefits to no more than two-thirds of predisability gross earnings to assure that beneficiaries are not financially better off than when they were working. My amendment does not propose a two-thirds limitation of predisability earnings, but rather an 80 percent level.

I ask unanimous consent that a table be included in the RECORD at this point showing the various family benefit caps in the Finance Committee's bill, the House bill, and my proposed amendment.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—ALTERNATE SOCIAL SECURITY MAXIMUM BENEFIT LIMITATION PROVISIONS FOR FAMILIES OF DISABLED WORKERS[1]—H.R. 3236

	Present law	Finance Committee bill	House-passed bill	Bellmon amendment[2]
Description of provision	Family disability benefits range from 150 percent to 188 percent of the worker's benefits—depending on the benefit level. In about 1/5 of all cases, benefits exceed 80 percent of a worker's average predisability earnings.	Family disability benefits may not exceed 85 percent of the worker's average predisability earnings or 160 percent of the worker's benefit, whichever is less.	Family disability benefits may not exceed 80 percent of the worker's average predisability earnings or 150 percent of the worker's benefit whichever is less.	Family disability benefits may not exceed 80 percent of the worker's average predisability earnings or 130 percent of the worker's benefit, whichever is less.
Savings to the social security disability program (millions of dollars, fiscal years.)	Not applicable	FY 1980—$41, FY 1981—$138, FY 1982—$247, FY 1983—$338, FY 1984—$415, total—$1,169.	FY 1980—$62, FY 1981—$207, FY 1982—$371, FY 1983—$507, FY 1984—$623, total—$1,770	FY 1980—$109, FY 1981—$369, FY 1982—$666, FY 1983—$924, FY 1984—$1, 152, total—$3,220.
Monthly family benefit amounts:[3]				
Low earner	$262	$175	$175	$175.
Average earner	$721	$632	$592	$513.
Maximum earner	$992	$907	$850	$737.
Number of people affected (1st full year).	Not applicable	120,000 families; 355,000 beneficiaries.	123,000 families; 358,000 beneficiaries.	150,000 families; 385,000 beneficiaries.

[1] Provision applies only to people becoming newly entitled to benefits after 1979.

[2] Amendment offered by Representative Gephardt during the Ways and Means markup on the bill but defeated by a narrow margin.

[3] Average monthly earings for low earner are $194, for average earner—$882; for maximum earner—$1,700.

Mr. BELLMON. Mr. President, some will question whether or not the amounts shown on this table are an adequate level of income. Mr. President, this is a very legitimate concern, and it raises a point that is very important. Disability insurance was never intended to be a welfare program. It is not, and should not be operated on a basis of whether a benefit is "adequate." By saying that a benefit level is too low and ought to be higher, we are taking the program away from its insurance principles and turning it into a welfare program. In the social security programs, benefits are based not on what an individual ought to have, but on what he or she is entitled to according to his or her work and earnings history.

If a person's benefit is "too low" there are other assistance programs available

to help that individual such as supplemental security income, medicaid, food stamps, AFDC, social services, housing subsidies, and the like. Many of the low earners shown on the table most likely qualify for public assistance, and well they should, as they need other income to provide them with an adequate means of support. We must be wary of using a program such as disability insurance for welfare purposes. It was not meant for that. It was meant to replace part of the earnings of an individual based largely on his contributions to the system, not on what his "needs" are.

That is the welfare responsibility.

This is a very important point Mr. President, especially in light of the fact that we will soon be considering social security legislation, presumably to avoid or moderate large payroll tax increases now scheduled for 1981. That being the case, we must face the benefit issue head on. My amendment gives the Senate the opportunity to take a needed first step.

Lest any Senators be misled by the $2 billion my amendment would save over the next 5 years, I again want to put those savings in perspective. I refer again to the table I previously included in the RECORD showing the projected growth in the social security disability insurance program over the next 5 years with and without my amendment.

This table shows, Mr. President, that under the Finance Committee bill, growth in the disability insurance program will cost the Federal Government about $35.2 billion more over the next 5 years than it would cost if the program could be operated at the 1979 level over that period. If this amendment is approved, the cumulative growth—and I am talking now about growth, not costs—if this amendment is adopted, the cumulative growth over the next 5 years will be $33.3 billion. That is a reduction of about $2 billion. That is the amount of reduction in program growth that this amendment, in addition to the savings already recommended by the Finance Committee will achieve. As I said before, this is equal to about 6 percent of the estimated growth in the program.

So Mr. President, any suggestion that this amendment would wreck the disability insurance program is totally false. This is a modest, reasonable amendment.

In closing, I want to give one example which illustrates why a tighter benefit cap than the Finance Committee proposal is needed. This example is taken from page 64 of the House Ways and Means Committee's report on H.R. 3236.

If a man and wife who have one child each earn $12,000 their total net income will be about $16,600, assuming average deductions. If one of them becomes disabled and the other continues to work, under current law their net income will be about $16,700—actually an increase over what they took home prior to the disability. The committee bill would impact very little on this disincentive to return to work. My amendment would give a family of this type coming on the rolls in the future a $15,700 net income with an incentive to return to work of $1,000. I want to stress again that my amendment would not change benefits for people already on the rolls.

I feel, Mr. President, that we cannot allow the present benefit structure to continue if we are to insure the integrity of the disability insurance program. It should not be a welfare program and it should not contain work disincentives. It simply comes down to providing benefits based primarily on earnings histories, and insuring that recipients do not have greater net earnings from being disabled than they had from predisability income. The amendment I offer will make a major step toward resolution of these problems. I urge its adoption.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BELLMON. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Chair recognizes the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I have tremendous respect for the distinguished Senator from Oklahoma, but I am in total disagreement with him in connection with this amendment.

Let me first point out that, as far as the welfare programs in this country are concerned, I think if you adopt the Bellmon amendment you may have a mirage of thinking that you are saving $2 billion by cutting back on disability insurance from a fund that is sufficiently strong at the moment that the President of the United States is talking about borrowing from that fund for social security purposes at a later point in the year.

But the net result would be, if you adopted the Bellmon amendment, that more people would be drawing down welfare checks in this country in order to supplement their meager income from disability insurance.

The Senator from Oklahoma gave an example—and I will come back to that in a moment. But I would like to first talk about an individual who is earning the minimum wage and his average monthly earnings are $479. The benefit under the present law would be $419. The benefit under the Finance Committee bill would be $407. The Senator from Ohio's amendment would restore the munificent sum of $12 to bring it back to $419. But the Bellmon amendment would cut that figure down to $346.

I submit to the Members of the Senate, assuming this man is a normal married man and has a wife and two children, I cannot, for the life of me, understand, in the times in which we live, how that individual can get by with $479 as a living wage. He cannot. It is impossible.

But now you are going to say to him: "You are totally disabled." And the definition of totally disabled is not a figment of somebody's imagination. It has already been talked about by the Senator from Ohio and the Senator from Connecticut, and pointed out that you not only have to be disabled in your opinion, but you have to be disabled in such a manner that you cannot find a job, not only in your own community, but that you cannot work in any other field and you cannot even work in some other part of the country.

What we are saying to that person is: "We are cutting you from $479 in average monthly earnings, from the $419 that you could get under the present law, to $346." That, Members of the Senate, just is totally unreasonable.

The Senator from Oklahoma said that if a married couple were earning $24,000 and if one of them became totally disabled, and they each were earning $12,000, that somehow their income would rise to $16,700 under the disability provision of this law.

Well, frankly, I do not understand that. I will be happy to have the Senator from Oklahoma explain that in further detail to the Members of this body.

Mr. BELLMON. Will the Senator yield?

Mr. METZENBAUM. On the time of the Senator from Oklahoma, yes.

Mr. BELLMON. Mr. President, it is a very simple calculation. The workers with $12,000 incomes obviously pay taxes. They have certain costs of holding down jobs. When one of the workers becomes disabled and begins to receive these benefits, their combined take-home pay actually goes up by $100, under the terms of the committee bill.

Mr. METZENBAUM. Mr. President, the Senator has to submit a little more to me than that, because I do not accept those figures as being realistic. Each one makes $12,000. One goes off of the $12,000. How does that one now wind up bringing more money in?

Mr. BELLMON. If the Senator will allow me, if a man and wife with one child each earn $12,000, their net income, after taxes, will be about $16,600. That should not be too hard to understand. That is the way tax laws are written.

If one becomes disabled and the other continues to work, under current law their net income will rise to about $16,700, because one of them will be taking home disability insurance payments which are tax free.

It is for this reason that we feel the present law is a disincentive for this person to return to work. The person who goes off disability insurance and goes back to work will actually have less real income than they were getting when one of the two partners was disabled and not working.

Mr. METZENBAUM. Mr. President, I would like to point out to the Senator from Oklahoma that, under the present law, if each is making $12,000, then that would be $1,000 a month and the individual would only receive 77 percent of what their average monthly earnings had been.

I do not understand how—and the income tax rate would not make up that difference. Therefore, I have difficulty, still, in following the point.

But I will continue on with my discussion, because I want to make it clear to the Senator from Oklahoma, who mentioned something about getting more money——

Mr. MUSKIE. Will the Senator yield to clarify a point? The Senator said under present law the benefit would be 77 percent.

Mr. METZENBAUM. Yes. I will yield on that point, because that is correct.

Mr. MUSKIE. I do not carry these tables around in my head, but I know the size of benefits depends upon the size of income—the lower the income, the higher percentage of benefits. It also depends upon the size of a family.

You have to take into account all of those variables in comparing one illustration with another.

I sat here and suddenly heard the Senator say that under the present law the example used by Senator BELLMON would be 77 percent. It may be, but I do not know the basis for that.

Mr. METZENBAUM. The maximum you can get under the present law with a full size family is 77 percent of your average monthly earnings if you are making $1,000 a month.

Mr. MUSKIE. What is a full size family, 14, 20, 5?

Mr. METZENBAUM. Four. I think the maximum family benefit would be 77 percent.

Mr. MUSKIE. And Senator BELLMON had two parents working in his example.

Mr. BELLMON. That is right.

Mr. METZENBAUM. Therefore, the disability benefit would be something less than 77 percent. I cannot say what it would be.

Mr. MUSKIE. I have a paper which shows that in 1976 the average newly entitled disability beneficiary family got 90 percent of the predisability earnings. That is before the Finance Committee bill, before the Bellmon amendment, before the amendment of the Senator from Ohio. I have not made the analysis that underlies this figure, but as I understand it, the figure is valid.

Mr. METZENBAUM. I have to say I know of no one for whom I have more respect than the distinguished chairman of the Budget Committee.

Mr. MUSKIE. May I say to the Senator, respect for me personally has nothing to do with this figure because I did not generate it and I cannot vouch for it.

Mr. METZENBAUM. I have before me a chart showing that at a $400 average monthly income, it would be 90 percent; at $477 it would be 88 percent; at $1,000 it would be 77 percent; at $1,500 it would be 63 percent; and continuing down.

Mr. MUSKIE. The difference is that the Senator is talking about income at $1,000 a month.

Mr. METZENBAUM. That is correct.

Mr. MUSKIE. This figure represents an average of all beneficiaries. Well, $1,000 is not too high in today's terms.

Mr. METZENBAUM. It is pretty low.

I do not have the figure the Senator referred to. At this point, I have never heard the figure that the average beneficiary under disability insurance gets 90 percent. If I am wrong, I would like to be corrected. But at this moment I do not know that to be the fact and, therefore, I do not want to proceed on that assumption. I do not think it is the fact, but if I am wrong I will be prepared to recognize that fact.

Let me further point out to my friend from Oklahoma that at the very beginning of his remarks he talked about persons who are on SSI who get disability.

I just want to say that as I understand it, that is a totally different program than that with which we are dealing here on the floor of the Senate today.

Mr. MUSKIE. Will the Senator yield?

Mr. METZENBAUM. Yes.

Mr. MUSKIE. I would like to give the source for the figure I gave earlier, which is on pages 38 and 39 of the committee report:

> An analysis by the social security actuaries has indicated: The average replacement ratio of newly entitled disabled workers with median earnings and who have qualifying dependents increased from about 60 percent in 1967 to over 90 percent in 1976.

Mr. METZENBAUM. The Senator is reading from what?

Mr. MUSKIE. The bottom of page 38 and the top of page 39 of the committee report. It is not my figure; it is out of the committee report.

(Mr. MATSUNAGA assumed the chair.)

Mr. METZENBAUM. I am frank to say I recognize the language but I do not know what the language refers to as far as "newly entitled disabled workers with median earnings who have qualifying dependents."

I will accept the language of the report, however. The figures I have, which I am sure come from credible sources, indicate that depending upon what your earnings are, your ratio of benefits goes down to the point so indicated by the figures that I gave previously.

The Senator from Oklahoma talked about the fact that some persons might receive more under disability benefits for not working than for working. I want to point out to him—and I mentioned it in my earlier remarks—that that is in the law as it is at the present time, but the fact is that my amendment would provide a limitation on that and specifically prohibit receiving anything in excess, as disabilty benefits, over and above the average monthly earnings.

The Senator also commented on the fact that the disabled do not have to pay other expenses.

I would like to point out to him that the disabled do have their special kinds of problems. In the average family, if the family goes to work, if everyone leaves the home and both members of the family go to work, they turn down the heat and save some money. They do not have to have anybody staying with the disabled worker, if that worker has to stay at home alone. Those are expenses that must be recognized as a reality of life if they are totally disabled individuals.

Furthermore, I want to point out that there are expenses which have to do with that which are not covered by medicare or medicaid, and the totally disabled worker has that problem to contend with.

The Senator from Oklahoma says that this is not a welfare program, and I could not agree with him more. This is a program that the Congress enacted. They made a contract with the people who paid into the fund. Would anyone realistically suggest that if we bought an insurance policy 5, 10, or 15 years ago, and that insurance policy provided for a certain amount of disability benefits at a certain point in our life if we should become disabled, that under those circumstances the insurance company could cut back the amount of those benefits?

That is what we are talking about doing here. The Finance Committee is talking about cutting them back substantially, $1.5 billion. The Senator from Oklahoma is talking about cutting them $3.5 billion. The Senator from Ohio is attempting to restore $900 million of the $1.5 billion of the cut of the Finance Committee.

There is not any logic, reason, fairness, or equity to say to people, "You have paid in for a number of years and now we are changing the amount of disability benefits for some reasons that have to do with the procedures that the Congress has decided upon."

Once we make a contract and say that we are going to pay a certain amount of dollars, we ought to live up to that contract.

I think in simple terms that is what this issue is all about. It is not a question of whether you believe in welfare or are opposed to welfare. We can all say we would like to get everybody off of welfare. But this is a contractual relationship. This is a relationship where the people have paid their money in and they have a right to expect to be paid when they become totally disabled. That is the issue as I see it which is before the Senate.

I think the Finance Committee bill is bad, very bad. I think the amendment proposed by the Senator from Oklahoma would just exacerbate the problem.

Mr. President, I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, will the Senator from Oklahoma yield me some time?

Mr. BELLMON. Mr. President, I yield as much time as he needs to the Senator from Maine.

Mr. MUSKIE. I thank the Senator.

Mr. President, for the purpose of making clear in the RECORD the purpose of the Finance Committee bill and the Bellmon amendment, I ask unanimous consent that there be printed at this point in the RECORD the lower third of page 38 of the committee report, all of page 39, all of page 40, and the top of page 41 of the committee report.

Mr. METZENBAUM. Not wishing to object, Mr. President, I shall object only for one purpose. I now note that at the top of page 38, it is indicated that the average replacement rate percentage is 58 percent; using the high 5-year indexed earnings in the last 10, it is 49 percent. I have no objection if the entire page 38 is printed.

Mr. MUSKIE. I have no objection to the entire page being printed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 15.—DI REPLACEMENT RATES COMPUTED FROM 2 DIFFERENT MEASURES OF DR DISABILITY EARNINGS

Replacement rates [2] (1979 PIA) levels	Awards at each level of earnings replacement [1]			
	Using AIME		Using high 5 yr of indexed earnings in last 10	
	Number of cases	Percent of total	Number of cases	Percent of total
Under 30 percent	0	0	268	3
30 to 39 percent	79	1	2,930	31
40 to 49 percent	3,669	38	2,168	23
50 to 59 percent	1,456	15	1,184	12
60 to 69 percent	947	10	1,353	14
70 to 79 percent	1,215	13	771	8
80 to 89 percent	1,477	15	526	5
90 to 99 percent	181	2	148	2
100 percent and over	561	6	237	2
Total sample	9,585	100	9,585	100
Average replacement rate (percent)	58		49	

[1] These awards include both individual and family benefits where applicable. The actual awards were made before a "decoupled" system was put into effect. However, the awards were recomputed for sample purposes as if a decoupled system existed to give some sense of the longer-range direction of DI replacement rates.

[2] Represents replacement of gross earnings.

Both approaches to measuring replacement—i.e., either long or recent periods of a worker's earnings history—show that there are a substantial number of DI awards which by themselves result in replacement rates in excess of predisability earnings. Using 80 percent of gross predisability earnings as an approximation of predisability disposable earnings, about 23 percent of the awards in the sample were above that level using AIME as the base period for measurement, and approximately 10 percent of the awards in the sample were above that level using the high 5 years of indexed earnings during the 10-year period prior to the onset of disability as the base period for measurement. Approximately two-thirds of these cases involved the payment of dependents benefits in addition to those of the worker.

Actuarial studies in both the public and private sector have indicated that high replacement rates may constitute an incentive for impaired workers to attempt to join the benefit rolls, and a disincentive for disabled beneficiaries to attempt rehabilitation or return to the work force. An analysis by the social security actuaries has indicated:

"The average replacement ratio of newly entitled disabled workers with median earnings and who have qualifying dependents increased from about 60 percent in 1967 to over 90 percent in 1976, an increase of about 50 percent. During this time the gross recovery rate decreased to only one-half of what it was in 1967. High benefits are a formidable incentive to maintain beneficiary status especially when the value of medicare and other benefits are considered. We believe that the incentive to return to permanent self-supporting work provided by the trial work period provision has been largely negated by the prospect of losing the high benefits."

("Experience of Disabled Workers Benefits Under OASDI, 1972–1976," actuarial study No. 75, June 1978.)

An actuarial consultant's report to the Committee on Ways and Means also concludes:

"* * * disability income dollars are, in general, much more valuable and have much more purchasing power than earned dollars. The DI benefits are fully tax exempt, as are insured benefits except for employer provided benefits in excess of $100 per week. For a worker with a spouse and a child, paying an average State income tax, 50 percent of salary in the from of disability benefits may well equal 65 percent or more of gross earnings after tax. In addition, the disabled individual is relieved of many expenses incidental to employment such as travel, lunches, special clothing, union or professional dues, and the like."

It is a cause for deep concern that gross ratios of 0.600 or more apply to all young childless workers at median or lower salaries and to nearly all workers with a spouse and minor child for earnings up to the earnings base. In other words, all workers entitled to maximum family benefits are overinsured except older workers whose earnings approach the earnings base, middle-aged workers who earn not more than the earnings base, and young workers except those earning substantially more than the earnings base.

Although these excessive replacement ratios have not been in effect long enough to have been fully reflected in the disability experience, overly liberal benefits may have played some part in the 47 percent increase, between 1968 and 1974, in the average rate of becoming disabled. Other than the indexing provisions, statutory changes during this period could have had no great effect. There is no evidence that the health of the nation has deteriorated. Rising unemployment has clearly been a factor, but the increasing attractiveness of the benefits must also be an important influence.

(U.S. Congress, House, Subcommittee on Social Security of the Committee on Ways and Means, Report of Consultants on Actuarial and Definitional Aspects of Social Security Disability Insurance, 94th Congress, 2d Session, 1976.)

Testimony heard by the Finance Committee from a private actuary on behalf of a number of insurance companies includes similar observations. This actuary states the following about private disability insurance experience:

"* * * claim costs increase dramatically when replacement ratios exceed 70 percent of gross earnings, and are unsatisfactory when replacement ratios exceed 60 percent of gross earnings . . . Expected claims is the level of claim costs that is assumed in determining premiums, so a ratio of 100 percent would be what a company would expect to achieve when it sets rates . . . large exposures show claims at 87 percent of expected when the replacement ratio was 50 percent, 93 percent of expected when the replacement ratio was 50 percent to 60 percent, 106 percent when the replacement ratio was between 60 percent and 70 percent, and a jump in the ratio of actual to expected claims of 219 percent—more than double what the premium allowed—when the replacement ratio exceeded 70 percent of gross earnings."

(U.S. Congress, Senate, Committee on Finance, testimony of Gerald S. Parker on H.R. 3236, Social Security Disability Legislation, October 10, 1979.)

Analysis by the Congressional Budget Office further indicates that it is not correct to assume that a typical disabled worker family is dependent entirely or almost entirely on social security benefits. Disabled workers in families with children derive on average only about 40 percent of their total cash income from social security benefits. The analysis indicates that very few worker families have more than a 10 percent reduction in disposable income as a result of disability.

In summary, this analysis shows that the combined impact of high social security disability insurance replacement rates and substantial other sources of family income is to insulate disabled worker families, as a group, from any major reduction in income as a result of their disability.

Committee bill.—The committee is concerned about the impact these high benefit levels and replacement rates have had on the growth of the program, in that they may have caused both incentives for impaired workers to stop working and apply for benefits, and disincentives for DI beneficiaries to leave the benefit rolls. The Committee further is concerned about the inappropriateness of having situations where benefits exceed predisability earnings in a program intended primarily to replace lost earnings.

The Committee bill would address these concerns through a provision which limits total DI family benefits to an amount equal to the smaller of 85 percent of the worker's AIME or 160 percent of the worker's PIA. Under the provision no family benefit would be reduced below 100 percent of the worker's primary benefit. The limitation would be effective only with respect to individuals becoming entitled to benefits on or after January 1, 1980, based on disabilities that began after calendar year 1978. The limitation would not apply to individuals who join the benefit roll after the effective date of the provision who were on the rolls (or had a period of disability) at another time prior to calendar year 1980. This will preclude the new limit on family benefits from applying to anyone who was on the roll in the past. Approximately 120,000 family units, encompassing 355,000 beneficiaries, will be affected by the limitation in the first full year after enactment.

The Secretary would be required to report to the Congress by January 1, 1985 on the effect of the limitation on benefits and of other provisions of the bill.

The committee further is concerned about situations where the payment of disability benefits to an individual from a number of public disability pension or like systems results in aggregate benefits which exceed the individuals' predisability earnings. While coordination exists between the DI program and State worker's compensation programs for the purpose of keeping the two forms of disability benefits at an aggregate level no higher than the worker's net predisability earnings, there are numerous other Federal and State programs providing disability benefits or compensation which are not coordinated at all with the DI program. The General Accounting Office has already undertaken a study of the relationship between social security and workers' compensation under the existing provision. The Committee requests the General Accounting Office to also study the prevalence of multiple receipt of disability benefits from DI and other programs (in addition to worker's compensation), as well as various approaches to better coordinate the overall benefits provided to an individual for the purpose of precluding them from exceeding the worker's predisability earnings. This report and the recommendations of the General Accounting Office will be the subject of hearings which the committee intends shall be held next year by its subcommittee on social security.

Mr. MUSKIE. Mr. President, I find myself at a disadvantage by not being familiar, in a statistical way, with the very complicated problem of analyzing the benefit structure and the benefit distribution, but a point very clearly stated over and over again in those pages of the report is found in these words.

Actuarial studies in both the public and private sector have indicated that high replacement rates may constitute an incentive for impaired workers to attempt to join the benefit rolls, and a disincentive for disabled beneficiaries to attempt rehabilitation or return to the work force.

If that is the effect of the present benefit levels of the program, then, clearly, we have a program that increases costs to the disadvantage of the taxpayers and also reduces resources available for other worthwhile purposes. So we have to look at the effectiveness and efficiency of many of these programs.

Mr. President, I support Senator BELLMON'S amendment to Senator METZENBAUM'S amendment.

A major purpose of the Finance Committee bill is to limit social security disability benefits to assure that a family will not have higher income than before the worker became disabled. The effect of the amendment offered by Senator METZENBAUM is to defeat this purpose of the bill and to virtually wipe out the savings that the bill achieves.

The Senate has already adopted the amendment proposed by Senator BAYH to eliminate the waiting period for the terminally ill. If the Metzenbaum amendment is also adopted, the bill will be changed from one saving $0.9 billion over the first 5 years to a measure costing $0.6 billion over the 5-year period.

The Bellmon amendment would accomplish an important objective—reducing the incentives for people to file for disability benefits and to stay on the benefit rolls. The present high level of benefits acts as a work disincentive—one-fifth of disability beneficiary families get benefits that exceed 80 percent of the worker's predisability earnings. Also, disability benefits are tax free, as the Senator from Oklahoma has emphasized, and disabled beneficiaries get medicare protection after 2 years, creating a further disincentive to work.

It is interesting to know what average medicare benefits amount to. In 1979, actual average medicare benefits for the disabled were $1,346 per year; in 1980, an estimated $1,538; in 1981, an estimated $1,749.

I have no figures estimating the value of the tax-free nature of these benefits but obviously, this ought to be taken into consideration. Obviously, on the record, there is now some work disincentive. There is no disagreement here. Even Senator METZENBAUM, in his setting his benefits at no higher than 100 percent of predisability earnings, acknowledges that anything above that figure operates as a disincentive. So what operates as a disincentive? Or what is the appropriate level of disability benefits—when added to the tax-free advantages, when added to the medicare advantages and other benefits, whatever they may be? We have to take all of this into account in making a judgment as to whether or not we have created work disincentives that add to the cost of the disability program.

The level of disability benefits has been rising in recent years. In 1967, on the average, as I have said already, newly entitled disability beneficiaries with families got benefits equal to 60 percent of their predisability earnings. That percentage grew to 90 percent by 1976.

Mr. President, the President has been criticized for not balancing his fiscal year 1980 budget. He was criticized this morning in the Budget Committee hearings and has been criticized in the press and by others. But responsibility for budget balancing, Mr. President, is not the President's alone. We must demonstrate by our actions today that we intend to move toward bringing this budget into balance.

We have had two votes now and are about to have a third inside of a week which show the same trend—demonstrating the attractiveness of converting social programs from spending programs under control of the Congress to entitlement programs that are beyond our control unless we change the law.

That is the reason why every chart—in the newspapers analyzing the budget, in the budget documents, and in the magazines next week displaying charts showing where budget growth has taken place—will show the growth has taken place in the entitlement field.

The President's representatives this morning were specifically criticized for not offering proposals to reduce uncontrollables by controlling entitlements. The administration said, "Well, quite frankly, we see no disposition on the part of Congress to control entitlements." We in Congress and the Budget Committee saw it last year. We adopted a reconciliation instruction in this Chamber, which was directed in part at achieving savings in entitlement programs. It is dead—dead in both Houses, getting nowhere.

A number of Senators who have been voting for these entitlement programs in the last 2 weeks have been coming before the Budget Committee in support of budget-balancing amendments to demonstrate their commitment to balanced budgets. Mr. President, how are we going to balance budgets when these entitlement programs are described as contracts with the people, as sacrosanct and, once enacted, not to be tampered with? Mr. President, there is no way of doing it.

According to the President's Budget, uncontrollable programs will increase, in 2 years, from a total cost of $366.1 billion in fiscal year 1979—74.2 percent of the budget—to $471.6 billion in fiscal year 1981—76.6 percent of the budget.

If that trend continues, they will amount to over 80 percent of the budget in this decade, and early in this decade. Then I am asked by Senators to sit there, presiding over these balanced budget amendments, and to take seriously their assertions that those amendments would help us control these programs. Nothing could be more ridiculous in the face of the record that this Congress has set in the last 2 years.

If that is the will of the Congress, if that is the will of the Senate, I accept it. But I think it is time that the American people, through their press, through our actions, at least see where the problem is.

We all get letters and respond to them in a reassuring way—"Balance the budget." "Oh, yes, we will." Then we all find a way to blame something; a lot of us have been blaming uncontrollables.

I can see the letters going out now. I heard the chairman of the Appropriations Committee say that we cannot touch entitlements. They are contracts, matters of law. So we blame entitlements, but refuse to do anything about them.

Mr. President, it is for that reason, more than this particular amendment—although I think the merits of this amendment are very clear—that I am making this statement. The Senate must confront that issue: Once we have written entitlements in the law, are they forever sacrosanct, beyond any claim to budget perfections, ever immune from budget balancing? Are they priorities ever set in concrete, never to yield to programs better suited to meet the problems of those who are its beneficiaries?

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

The Senator from Ohio has 16 minutes left.

Mr. METZENBAUM. Mr. President, I am frank to say to the Senate that when my good friend, the Senator from Maine, referred to a paragraph on page 39, saying: "The average replacement ratio of newly entitled disabled workers with median earnings and who have qualifying dependents increased from about 60 percent in 1967 to over 90 percent in 1976, an increase of about 50 percent," the Senator from Ohio was totally amazed by those figures and at this moment cannot fully understand them, because when we look at page 38 of that same report and get the breakdown of what the actual benefits are that are being paid, we find totally different figures. They are not close, just totally different figures.

The chart is called "Disability Insurance Replacement Rates Computed From Two Different Measures of DR Disability Earnings," and they use two different charts.

The first one uses the average indexed monthly earnings, and they talk about the replacement rates, and they talk about the number of cases and the percentage of the total.

Now, the replacement rates, meaning what percentage of the gross earnings is received by the disabled, we find 39 percent, or below the 49 percent level.

In other words, 39 percent of all the people receiving disability insurance are receiving less than 49 percent of their total earnings, of their average monthly earnings.

If we go over and take the highest 5 years of their indexed earnings in the last 10, we find that 57 percent of the total are receiving less than 49 percent of their disability insurance.

If we move that figure on up and go from 50 percent to 59 percent of their disability insurance, we add another 15 percent of the total.

If we go from 60 to 69 percent, we add another 10 percent. If we go from 70 to 79 percent, we find another 13 percent.

We have a total of 92 percent receiving less than 89 percent, but the great majority of those are at the lower portion.

If we look at the figures, using the highest 5 years of the indexed earnings in the last 10, we will find 57 percent, as I previously mentioned, are receiving less than 49 percent of their indexed earnings averaged out on a basis of the highest 5 years of the last 10.

Then if we go to the 59 percent of disability insurance figures, we add another 12 percent, another 14 percent if we go to 69 percent, another 8 percent if we go to 79 percent, or 91 percent of the total receipts, something less than 79 percent of their average earnings based on the top 5 years of the last 10.

When we look at the average, the average replacement rate for the average indexed monthly earnings is 58 percent, and if we use the highest 5 year basis, it is 49 percent.

Mr. President, I think it is easy to be misleading on an issue of this kind. I am frank to say that when I saw the 90 percent figure on the average, I did not know what it meant, and I still do not know what it means.

I do know what the specific breakdown means. I do know what the figures are that have heretofore been submitted. That is that people on disability are receiving but a shadow of what they were receiving if they worked.

There is no incentive to be disabled. Anyone who comes to the Senate and suggests there is a great incentive to lie on one's back and to be unable to do anything and not go back to work is not reporting the facts to the Senate in accordance with the reality of what is taking place.

We made a commitment, a commitment to the people who were paying into the disability insurance fund, that the levels would be at a certain point, and almost with no exception the Congresses in the past have seen fit to increase those levels, not to decrease them.

This is the first impact. This is the first invasion of the disability insurance funds.

I believe we have a right to be proud of the fact that there is that much money still in the disability funds that the President is talking about borrowing from them. But I do not think we ought to be finding any argument to cutting an additional $2 billion from those disability benefits in addition to the $1.5 billion the Senate Finance Committee is wanting to take away from them.

I hope the Senate sees fit to reject the Bellmon amendment. I hope the Senate sees fit to keep the cap at the present level, not to increase it, but to keep it at the present level, with the proviso that in no instance shall any particular individual receive in excess of 100 percent of the average of monthly earnings, and that would only be applicable in the extremely low levels of people earning less than $300 to $400 a month.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. TALMADGE. Mr. President, I yield such time as I may need on the bill.

Mr. President, this is a very complex and a very controversial issue. It is difficult to understand without understanding every formula and every table involved.

The House sent to the Finance Committee a bill on this issue that would save over a 5-year period approximately $2.664 billion.

The Senate Finance Committee, after mature deliberation, devised a bill that was a give-and-take compromise, and over a 5-year period the Senate Finance Committee would save approximately $914 million.

The amendment offered by the distinguished Senator from Ohio would negate virtually, if not all, the savings of the Senate Finance Committee, reducing it to virtually zero.

The Bellmon amendment, if agreed to, would save over a 5-year period approximately $3.644 billion.

We think the result of the Senate Finance Committee is a fair compromise. I hope the Senate will reject the amendment of the distinguished Senator from Oklahoma, reject the amendment proposed by the distinguished Senator from Ohio, and approve the bill as submitted by the Senate Finance Committee.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Oklahoma to the amendment of the Senator from Ohio. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted and who wishes to do so?

The result was announced—yeas 24, nays 70, as follows:

[Rollcall Vote No. 22 Leg.]

YEAS—24

Armstrong	Helms	Schweiker
Bellmon	Hollings	Simpson
Byrd, Harry F., Jr.	Humphrey	Stevens
Exon	Laxalt	Thurmond
Garn	Lugar	Tower
Hart	McClure	Wallop
Hatch	Muskie	Zorinsky
Hayakawa	Proxmire	
	Schmitt	

NAYS—70

Baucus	Eagleton	Nelson
Bayh	Ford	Nunn
Bentsen	Glenn	Packwood
Biden	Hatfield	Pell
Boren	Heflin	Percy
Boschwitz	Heinz	Pressler
Bradley	Huddleston	Pryor
Bumpers	Inouye	Randolph
Burdick	Jackson	Ribicoff
Byrd, Robert C.	Javits	Riegle
Cannon	Jepsen	Roth
Chafee	Johnston	Sarbanes
Chiles	Kassebaum	Sasser
Church	Leahy	Stafford
Cochran	Levin	Stevenson
Cohen	Long	Stewart
Cranston	McGovern	Stone
Culver	Magnuson	Talmadge
Danforth	Mathias	Tsongas
DeConcini	Matsunaga	Warner
Dole	Melcher	Weicker
Domenici	Metzenbaum	Williams
Durenberger	Morgan	
Durkin	Moynihan	

NOT VOTING—6

Baker	Gravel	Stennis
Goldwater	Kennedy	Young

So Mr. BELLMON's amendment (UP No. 936) to Mr. METZENBAUM's amendment (UP No. 935) was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. METZENBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. CHILES. Mr. President, I have given a great deal of thought to the various amendments to change the provisions of this bill.

Early last year, we faced the need to make some reforms in the social security program. That is never a popular thing to do because it involves changing the way we are doing things so we can improve the system. Improvements are definitely needed. Inflation is out of hand and is hitting the fixed income population—primarily the elderly—the hardest. The long-range solvency of social security may be threatened.

As we look at the total social security and disability insurance program, we see how population and economic trends have changed in the 45 years since the program began. It is time we dropped outmoded provisions to insure the long-range stability of the social security system.

Social security started as a social insurance program of basic benefits for Americans in their old age and survivors of deceased workers. Over the years we have added very worthwhile income protection for disabled workers and health insurance for the aged and disabled. We have periodically increased benefits and added cost-of-living increases. Some of the benefits we have added—such as student financial aid for survivors who attend postsecondary schools are not need-based and duplicate other parts of the budget, where we are providing billions in grants, loans, and work-study assistance. Other provisions such as allowing certain disabled workers to receive benefits of more than 90 percent or 100 percent of their average earnings or letting younger workers drop a much higher proportion of earnings in computing their benefits, create an unintended "windfall" and an inequity in the program.

The Finance Committee bill provides an important work incentive by extending medicare benefits to disabled workers who return to the job, allowing deductions of extraordinary work-related expenses and eliminating the waiting period for those who are not successful in their work attempt and must return to the rolls.

These provisions are sound, beneficial, and like a lot of good ideas, they cost money. On the other hand, the steady increase in benefits under the disability program is creating a disincentive, as well as unjustified cost to the program. We have seen applications and awards of disability grow at an alarming rate in the last 10 years, and we have seen an even more alarming drop in the number of individuals on disability returning to work. This trend is particularly evident during recession periods.

I believe a strong, secure social security program is based on an equitable structure of basic benefits to the elderly, survivors, and the disabled. If a retiree has only social security to live on and is in a poverty situation, he must seek supplemental assistance in the form of food stamps and other aid from programs funded by general revenues. I believe that it is only fair that we not drain the social security trust funds by providing benefits of a welfare nature when there are programs funded by general revenues to which those who need more help can apply.

The bill would not cap the benefits or change the drop years for individuals already on disability, but the work incentives would be available for all. I have heard from a number of older Americans who are concerned about the implications of any kind of benefit cap or computation change for newly disabled workers, even though the elderly would not be directly affected. I have heard from many, many more who are concerned about the impact inflation is having on their fixed incomes, who call for the budget to be balanced, and who are vitally concerned about the long-term stability of the social security trust funds. Most elderly folks I talk to understand basic economics—that you do not get something for nothing. When you increase benefits, you pay one way or the other—either in higher taxes or a bigger deficit and inflation.

As chairman of the Special Committee on Aging, I firmly believe that we must offer older Americans and those who are permanently disabled a solid income of basic benefits. But we cannot improve the system unless we make some reforms that will be in tune with people's concerns and the times.●

UP AMENDMENT NO. 935

The PRESIDING OFFICER. The question now occurs on agreeing to the amendment of the Senator from Ohio. The yeas and nays having been previously ordered, the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The PRESIDING OFFICER (Mr. LEVIN). Are there any other Senators wishing to vote?

The result was announced—yeas 47, nays 47, as follows:

[Rollcall Vote No. 23 Leg.]

YEAS—47

Bayh	Heinz	Pell
Biden	Huddleston	Pressler
Bradley	Inouye	Pryor
Bumpers	Jackson	Randolph
Burdick	Javits	Ribicoff
Byrd, Robert C.	Leahy	Riegle
Church	Levin	Sarbanes
Cranston	McGovern	Sasser
Culver	Magnuson	Stafford
DeConcini	Mathias	Stevenson
Durkin	Matsunaga	Stewart
Eagleton	Melcher	Stone
Ford	Metzenbaum	Tsongas
Glenn	Morgan	Weicker
Hatfield	Moynihan	Williams
Heflin	Nelson	

NAYS—47

Armstrong	Durenberger	Muskie
Baucus	Exon	Nunn
Bellmon	Garn	Packwood
Bentsen	Hart	Percy
Boren	Hatch	Proxmire
Boschwitz	Hayakawa	Roth
Byrd, Harry F., Jr.	Helms	Schmitt
	Hollings	Schweiker
Cannon	Humphrey	Simpson
Chafee	Jepsen	Stevens
Chiles	Johnston	Talmadge
Cochran	Kassebaum	Thurmond
Cohen	Laxalt	Tower
Danforth	Long	Wallop
Dole	Lugar	Warner
Domenici	McClure	Zorinsky

NOT VOTING—6

Baker	Gravel	Stennis
Goldwater	Kennedy	Young

So Mr. METZENBAUM's amendment (UP No. 935) was rejected.

Mr. METZENBAUM. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. Mr. President, point of order. The Senator has to vote with the prevailing side in order to move to reconsider.

The PRESIDING OFFICER. The Senator from Louisiana is correct. The point of order is well taken.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Wisconsin (Mr. NELSON).

Several Senators addressed the Chair.

Mr. JAVITS. Mr. President, have I been recognized?

The PRESIDING OFFICER. I did indeed recognize the Senator, but there was a prior matter I had to dispose of first.

Mr. ROBERT C. BYRD. Mr. President, will the Chair recognize the Senator from New York? He has been seeking recognition.

The PRESIDING OFFICER. Does the Senate wish to set aside this amendment further? The Nelson amendment is the pending matter.

Mr. JAVITS. Mr. President, I do not know what the majority leader's desire is. I have an amendment.

Mr. LONG. Mr. President, there is a pending amendment. Point of order, Mr. President. Is not the Nelson amendment pending?

AMENDMENT NO. 745

The PRESIDING OFFICER. The question now recurs on the Nelson amendment. There are 52 minutes remaining on the Nelson amendment.

Mr. LONG. Mr. President, at the time the Nelson amendment was called up, I was under the impression the administration did not favor the Nelson amendment.

I now have a letter from the Assistant Secretary for Legislation of HEW. The letter states:

> With regard to HEW's current position on Senator Nelson's revised amendment to H.R. 3236 designed to protect state employees, the Department of HEW can support the concept of this amendment. There are still some limited technical questions that remain unresolved, however, if the Senate adopts the amendment we would submit those at the time of a Senate-House Conference.

In view of the fact the administration would now be willing to accept the amendment, I am willing to accept the Nelson amendment.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. DOLE. The Senator from Kansas is aware of the letter. I have discussed it with Senator NELSON. We are prepared to accept the amendment, and that will take care of it.

The PRESIDING OFFICER. Is all time yielded back?

Mr. LONG. Mr. President, I am willing to yield back the remainder of my time.

● Mr. HUDDLESTON. Mr. President, I commend my distinguished colleague, the Senator from Wisconsin, for his efforts in support of employees of State disability determination units, and I am pleased to join him in offering this amendment.

Mr. President, since May of this year, I have been concerned about the fate of State career employees in disability determination units should Federal takeover occur. I believe that without adequate job security provided for State employees, orderly transition from State to Federal control would be next to impossible. Thousands of disability applicants would unfairly bear the burden of an unorganized disability operation through program disruption and delays in claims adjudication. Still thousands more State employees would be left not knowing whether the new Federal operation of the program would provide jobs for them or simply ignore what amounts to, in some cases, an entire career of service to the disability program.

The amendment that I join Senator NELSON in offering today would go a long way in guarding the jobs of some 9,000

experienced and faithful State disability examiners in this country. Our amendment would, in the event of a Federal takeover of a State disability unit, provide that the administrating agency give preference to these qualified State disability examiners in filling Federal positions. It would insure the Federal Government's reliance upon and utilization of those individuals representing our greatest reservoir of talent in the disability program.

With the tightening of Federal controls on State disability operations provided for in H.R. 3236, it is imperative that there be a balancing effect for State employees if a State can no longer manage the program under Federal guidelines. Any legislation which increases the likelihood of a Federal takeover of the disability insurance program should, in turn, provide strong job protection rights for State employees. We must protect these employees who stand to lose from the increased Federal authority and decreased State authority outlined in this bill.

I realize that it would not be reasonable, Mr. President, to guarantee a job to every State employee should a disability program federalize in their State. We are not in a position to anticipate what Federal job availability will be at such a time, and even if we were, each situation in each State will demand a slightly different approach. What I am proposing, however, is that we recognize the legitimate concerns of thousands of State employees, and attempt to deal constructively with a prospective nationwide problem before it occurs.

In my contact with Kentucky State disability examiners, several of whom are on the national board of the National Association of Disability Examiners (NADE), I have developed a great sympathy for and commitment to their cause. I urge my colleagues to pay heed to the unfortunate experience of the State disability determination unit in Senator NELSON's home State of Wisconsin. Even aside from the loss of 161 skilled disability examiners employed in his State, the disruption of over 35,000 Wisconsin claimants more than sufficiently supports our argument that a detailed plan for system takeover from State to Federal is imperative. I urge my colleagues to join us in this effort by supporting this amendment.●

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Wisconsin (Mr. NELSON).

The amendment, as modified, was agreed to.

Mr. ROBERT C. BYRD. Mr. President, for the information of Senators, there will be no more rollcall votes tonight. I understand Mr. BAUCUS has an amendment he wishes to call up, which may be acceptable. Mr. JAVITS has an amendment he would like to call up and we can make it the pending question, perhaps, for tomorrow. Mr. CHILES has a resolution on a matter that he will call up for a voice vote. I think it will be unanimously voted up. Mr. BAUCUS has an amendment.

I understand from the manager and ranking minority member that the Senate might be in a position to resume consideration of this bill at 10 a.m. tomorrow.

Mr. DOLE. Yes.

Mr. FORD. Will the majority leader yield?

The PRESIDING OFFICER. The Chair recognizes the Senator from New York (Mr. JAVITS).

UP AMENDMENT NO. 937

(Subsequently numbered Amendment No. 1646)

(Purpose: Relating to limitation on total family benefits in disability cases)

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposes an unprinted amendment numbered 937.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 33, line 15, strike out all through page 34, line 11, and insert in lieu thereof the following:

"(6)(A) Notwithstanding any of the preceding provisions of this subsection other than paragraphs (3)(A), (3)(C), and (5) (but subject to section 215(i)(2)(A)(ii)), the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for any month on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits, whether or not such total benefits are otherwise subject to reduction under this subsection but after any reduction under this subsection which would otherwise be applicable, shall be reduced or further reduced (before the application of section 224) as necessary so as not to exceed 100 percent of such individual's primary insurance amount, or (if greater) the sum of the following:

"(i) 85 percent of such individual's average indexed monthly earnings to the extent that such earnings do not exceed the amount established for purposes of this clause by subparagraph (B), plus

"(ii) 70 percent of such individual's average indexed monthly earnings to the extent that such earnings exceed the amount established with respect to clause (i) but do not exceed the amount established with respect to this clause by subparagraph (B), plus

"(iii) 38 percent of such individual's average indexed monthly earnings to the extent that such earnings exceed the amount established with respect to clause (ii) but do not exceed the amount established with respect to this clause by subparagraph (B), plus

"(iv) 24 percent of such individual's average indexed monthly earnings to the extent that such earnings exceed the amount established with respect to clause (iii) by subparagraph (B).

Any such amount that is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

"(B)(i) For individuals who initially became eligible for disability insurance benefits in the calendar year 1979, the amounts established with respect to clauses (i), (ii), and (iii) of subparagraph (A) shall be $493, $737, and $1,085, respectively.

"(ii) For individuals who initially become eligible for disability insurance benefits in any calendar year after 1979, each of the amounts so established shall equal the product of the corresponding amount established for the calendar year 1979 by clause (i) of this subparagraph and the quotient obtained under subparagraph (B)(ii) of section 215(a)(1), with such product being rounded in the manner prescribed by section 215(a)(1)(B)(iii).

"(iii) For purposes of this paragraph, eligibility of an individual for disability insurance benefits shall be determined under sections 215(a)(3)(B) and 215(a)(2)(A) as applied for this purpose.".

The PRESIDING OFFICER. May we have order in the Chamber, please?

The Senator from New York.

Mr. JAVITS. Mr. President, my amendment is intended to deal with what I consider to be a real inequity in the bill. The committee bill hits unusually hard those individuals with AIME levels of between $700 to $1,000 and reduces their income replacement rates twice as much as the rates on all other categories except for the very low-income people, who would get 90 percent, 88 percent, and 85 percent of their AIME under the bill.

I do not think that is fair, Mr. President, and I shall debate that tomorrow. I might say, so we have a concept of the figures, that over the 5-year period which has been the criterion here, the people in these categories, if they were restored to the same kind of proportion which the other income categories have in this bill other than the very lowest, it would cost $153 million over a 5-year period.

It seems to me, Mr. President, that I have not heard and I have not seen any justification that these middle-income recipients of disability should take twice the beating everybody else does. Therefore, Mr. President, I think that ought to be corrected. The cost is not all that high, especially in view of the fact that Members have already indicated a sympathy for doing something about the very heavy cuts in this bill. It seems to me that this is an inequity that richly deserves correction.

Mr. President, I ask unanimous consent that my prepared statement as well as a table which will show clearly that this inequity is being perpetrated, may be printed in the RECORD at this point.

There being no objection, the statement and table were ordered to be printed in the RECORD, as follows:

STATEMENT

Mr. President, a majority of my colleagues did not agree with the Metzenbaum amendment. Apparently, concerns about balancing the budget and assuring that post-disability benefits do not exceed pre-disability earnings carried the day. In an attempt to accommodate the financial concerns of my colleagues and yet remedy a clear injustice in the Committee bill, I am offering an amendment which would partially restore the maximum family benefits of lower-middle income beneficiaries whose family benefits would be disproportionately reduced without adequate justification. My amendment would raise the family cap in the Committee bill for beneficiaries with average prior earnings (AIME) ranging from approximately $600 per month to $1,000 per month so that the reduction in the replacement percentage of

their average prior earnings (AIME) is roughly proportional to such reductions for most other income groups.

For example, for a worker who had average prior earnings (AIME) of $800 per month and who became disabled and entitled to benefits in 1980, the Committee bill would reduce the present maximum family benefit of $685.50/month to $589.80/month. This represents a 12 percent reduction in the replacement rate for the average prior earnings (AIME), namely, from 86 percent of the AIME to 74 percent of the AIME. Such a percentage reduction is twice that of a beneficiary who had average prior earnings (AIME) of $600/month or $1,200/month. I do not think that such a severe, disproportionate reduction for this AIME group is justifiable. Mr. President, I have included in the Record a table prepared by the Social Security Administration's Office of the Actuary showing the maximum family benefits and related replacement ratios for differing AIME levels under present law, the Committee bill, and my amendment.

The Office of the Actuary has also prepared estimates of the amount of reduction in DI benefit payments that would result from the cap in the Committee bill and the cap in my proposal. The short-term numbers are as follows:

ESTIMATED AMOUNT OF REDUCTION IN DI BENEFIT PAYMENTS

[In millions]

Fiscal year	Cap in Finance Committee bill	Cap in Javits' amendment	Difference
1980	$25	$21	$4
1981	97	81	16
1982	175	146	29
1983	262	217	45
1984	350	291	59
Total	909	756	153

Over the next 75 years, average expenditures, as a percentage of taxable payroll, would be reduced by an estimated .06 percent under the Committee bill and by .05 percent under my proposal.

My amendment would raise the maximum family benefit for beneficiaries who became disabled in 1979 and who had average prior earnings (AIME) around the average wage figure of $882/month and would yet retain the Committee-proposed reductions for other AIME groups by means of the following cap:

Total Family benefits=Sum of: 85 percent of the first $493 of the worker's average indexed monthly earnings (AIME) plus 70 percent of AIME in excess of $493 but not in excess of $737 plus 38 percent of AIME in excess of $737 but not in excess of $1,085 plus 24 percent of AIME in excess of $1,085.

As under the Committee bill, total family benefits would not be limited to an amount less than the worker's primary insurance amount. I should add that the bend points in the above formula ($493, 737, 1,085) would be indexed by average wages to obtain the corresponding bend points for workers becoming disabled in any year after 1979. The 1980 bend points would be $532, $796, and $1,171. The formula I propose can be viewed as a modification of the Committee's 85 percent AIME/160 percent PIA formula through the striking of the 160 percent PIA factor and the replacing of the 85 percent AIME figure with four AIME percentages starting at 85 percent and declining as the corresponding AIME dollar levels increase.

Mr. President, my amendment would partially restore disproportunately large and injustifiable reductions in the maximum family benefits for average income beneficiaries and yet not make the bill unacceptable to those who are concerned about cutting costs. The amendment I propose is a compromise between those who want to reduce benefits and those who do not. I commend my proposal to this Body for close consideration and approval.

MAXIMUM FAMILY BENEFIT AMOUNT (FBA) FOR WORKERS WHO BECOME DISABLED AND ENTITLED TO BENEFITS IN 1980, UNDER PRESENT LAW AND UNDER 2 ALTERNATIVE PROPOSALS TO REDUCE MAXIMUM FAMILY BENEFITS, FOR ILLUSTRATIVE AMOUNTS OF AVERAGE INDEXED MONTHLY EARNINGS (AIME)

AIME	FBA under present law		FBA under Senate Finance Committee bill[1]			FBA under proposed alternative[2]		
	Amount	As percent of AIME	Amount	As percent of AIME	Difference from present law (percent)[3]	Amount	As percent of AIME	Difference from present law (percent)
$135	$183.00	136	$122.00	90	45	$122.00	90	45
$200	264.90	132	176.60	88	44	176.60	88	44
$300	312.90	104	255.00	85	19	255.00	85	19
$400	360.90	90	340.00	85	5	340.00	85	5
$477[4]	418.80	88	405.50	85	3	405.50	85	3
$500	439.00	88	425.00	85	3	425.00	85	3
$600	526.00	88	487.40	81	6	499.80	83	4
$700	613.00	88	538.60	77	11	569.80	81	6
$800	685.50	86	589.80	74	12	638.60	80	6
$882[5]	720.60	82	631.70	72	10	669.70	76	6
$900	728.30	81	641.00	71	10	676.60	75	6
$1,000	771.20	77	692.20	69	8	714.60	71	6
$1,100	814.10	74	743.40	68	6	752.60	68	6
$1,200	860.40	72	786.60	66	6	786.50	66	6
$1,300	886.60	68	810.60	62	6	810.50	62	6
$1,400	912.90	65	834.60	60	6	834.50	60	6
$1,500	939.10	63	858.60	57	5	858.50	57	5
$1,600	965.40	60	882.60	55	5	882.50	55	5
$1,700	991.60	58	906.60	53	5	906.50	53	5

[1] Total family benefits would be limited to the smaller of 85 percent of the worker's AIME (or 100 percent of his primary insurance amount (PIA), if larger) or 160 percent of the worker's PIA.

[2] See covering memorandum for description of proposal.

[3] Represents difference in FBA under present law and under the proposal, as a percent of AIME, and therefore may not equal the difference of the percentages because of rounding.

[4] Represents estimated AIME for worker with wages equal to the Federal minimum wage in each year through 1979.

[5] Represents estimated AIME for worker with wages equal to the average wage in each year through 1979.

Note: The information in the above table is based on the average wage amount that has been established for 1978 and the benefit formulas that have been determined for 1980. The effect of the June 1980 benefit increase is excluded.

Source: Social Security Administration, Office of the Actuary, Dec. 12, 1979.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. LONG. I am willing to have the yeas and nays on tomorrow.

Mr. JAVITS. I realize that.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JAVITS. I thank the Chair.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, I do not believe the amendment should be agreed to.

The committee bill and the Javits amendment both have the effect of limiting family disability benefits as compared with present law. Both would have approximately the same impact at lower benefit levels and at higher benefit levels. However, in the middle range of benefit levels, the Javits amendment would reduce benefits by a somewhat smaller amount than the committee bill. For example, at an $880 AIME level, the present law benefit is about $720. The House bill would reduce this to $595, the committee bill would reduce it to $630, and the Javits amendment would reduce it to $670. The net impact of the Javits amendment would be to reduce the savings of the committee bill by $4 million in fiscal year 1980 and by a total of $153 million over the 5-year period 1980–84.

Mr. President, with regard to this proposal, HEW has submitted this statement:

HEW opposed this proposal and favors the House provision. The proposal is more liberal than either the House or the Senate Finance Committee caps on these benefits, and compared to the House cap it would cut the first 5-year savings nearly in half. Furthermore, a cap at middle and upper levels that is based on a uniform percentage of primary insurance amount, that is, 150 percent of the primary insurance amount, as in the House bill, does not seem unreasonable and would enhance public understanding of the cap.

That is the position, Mr. President, of the Department of HEW, which really would prefer the House position, which is an even more strict limitation than the position of the Senate Finance Committee.

Mr. President, I believe the committee has been generous and has gone beyond what the administration has recommended. I believe we have done enough for people in the middle-income area in this instance, and I hope the committee

position will be sustained. We will have the opportunity to debate this tomorrow.

Mr. President, in view of the fact that we will take up this matter tomorrow, I ask unanimous consent that this matter be temporarily laid aside and that we proceed with it tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 938

(Purpose: To provide for voluntary certification of medicare supplemental health insurance policies)

Mr. BAUCUS. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS) proposes an unprinted amendment numbered 938.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out section 508 of the bill and insert in lieu thereof the following:

VOLUNTARY CERTIFICATION OF MEDICARE SUPPLEMENTAL HEALTH INSURANCE POLICIES

SEC. 508. (a) Title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"VOLUNTARY CERTIFICATION OF MEDICARE SUPPLEMENTAL HEALTH INSURANCE POLICIES

"SEC. 1882. (a) The Secretary shall establish a procedure whereby medicare supplemental policies (as defined in subsection (g)) may be certified by the Secretary as meeting minimum standards set forth in subsection (c). Such procedure shall provide an opportunity for any insurer to submit any such policy, and such additional data as the Secretary finds necessary, to the Secretary for his examination and for his certification thereof as meeting the standards set forth in subsection (c). Such certification shall remain in effect, if the insurer files a statement with the Secretary no later than December 31 of each year stating that the policy continues to meet the standards set forth in subsection (c), and if the insurer submits such additional data as the Secretary finds necessary to independently verify the accuracy of such notarized statement. Where the Secretary determines such a policy meets (or continues to meet) the required standards, he shall authorize the insurer to have printed on such policy an emblem which the Secretary shall cause to be designed for use as an indication that a policy has received the Secretary's certification. The Secretary shall provide each State insurance commissioner with a list of all the policies which have received his certification.

"(b) Any medicare supplemental policy issued in any State which has established under State law a regulatory program providing for the application of minimum standards with respect to such policies equal to or more stringent than the standards provided for under subsection (c) shall be deemed (for so long as the Secretary finds such State program continues to require compliance with such standards) to meet the standards set forth in subsection (c).

"(c) The Secretary shall not certify under this section any medicare supplemental policy for any period, nor continue a certification for any period, unless he finds that for such period such policy—

"(1) meets standards set forth by the Secretary with respect to adequacy of coverage (either in a single policy or, in the case of nonprofit hospital and medical service associations, in one or more policies issued in conjunction with one another), but such standards shall not require coverage in excess of coverage of the part A medicare deductible and the following coverage required under section 7 (I) (2) of the 'NAIC Model Regulation to Implement the Individual Accident and Sickness Insurance Minimum Standards Act', adopted by the National Association of Insurance Commissioners on June 6, 1979:

"(A) coverage of part A medicare eligible expenss for hospitalization to the extent not covered under part A from the 61st day through the 90th day in any medicare benefit period;

"(B) coverage of part A medicare eligible expenses incurred as daily hospital charges during use of medicare's lifetime hospital inpatient reserve days:

"(C) upon exhaustion of all medicare hospital inpatient coverage, including the lifetime reserve days, coverage of 90 percent of all medicare part A eligible expenses for hospitalization not covered by medicare, subject to a lifetime maximum benefit of an additional 365 days; and

"(D) coverage of 20 percent of the amount of medicare eligible expenses under part B regardless of hospital confinement, subject to a maximum calendar year out-of-pocket deductible of $200 of such expenses and to a maximum benefit of at least $5,000 per calendar year;

"(2) is written in simplified language, and in a form, which can be easily understood by purchasers;

"(3) does not limit or preclude liability under the policy for a period longer than six months because of a health condition existing before the policy is effective;

"(4) contains a prominently displayed 'no loss cancellation clause' enabling the insured to return the policy within 30 days of the date of receipt of the policy (or the certificate issued thereunder) with return in full of any premium paid;

"(5) can be expected (as estimated for such period, not to exceed one year, to the maximum extent appropriate, on the basis of actual claims experience and premiums for such policy and in accordance with accepted actuarial principles and practices) to return to policyholders in the form of aggregate benefits provided under the policy, at least 75 percent of the aggregate amount of premiums collected in the case of group policies, and at least 60 percent of the aggregate amount of premiums collected in the case of individual policies; and

"(6) contains a written statement, in such form as the Secretary may prescribe, for prospective purchasers of such information as the Secretary shall prescribe relating to (A) the policy's premium, coverage in relation to the coverage and exclusions under medicare, and renewability provisions, and (B) the identification of the insurer and its agents.

"(d)(1) Whoever knowingly or willfully makes or causes to be made or induces or seeks to induce the making of any false statement or representation of a material fact with respect to the compliance of any policy with the standards set forth in subsection (c) or in regulations promulgated pursuant to such subsection, or with respect to the use of the emblem designed by the Secretary under subsection (a), shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

"(2) Whoever falsely assumes or pretends to be acting, or misrepresents in any way that he is acting under the authority of or in association with, the program of health insurance established by this title, or any Federal agency, for the purpose of selling or attempting to sell insurance, or in such pretended character demands, or obtains money, paper, documents, or anything of value, shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

"(3)(A) Whoever knowingly sells a health insurance policy to an individual entitled to benefits under part A or enrolled under part B of this title, with knowledge that such policy substantially duplicates health benefits to which such individual is otherwise entitled, other than benefits to which he is entitled under a requirement of State or Federal law (other than this title), shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned not more than five years, or both.

"(B) For purposes of this paragraph, benefits which are payable to or on behalf of an individual without regard to other health benefit coverage of such individual, shall not be considered as duplicative.

"(C) This paragraph shall not apply with respect to the selling of a group policy or plan of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations (or combination thereof), for employees or former employees (or combination thereof) or members or former members (or combination thereof) of the labor organizations.

"(4)(A) Whoever knowingly, directly or through his agent, mails or causes to be mailed any matter for a prohibited purpose (as determined under subparagraph (B)) shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

"(B) A prohibited purpose means the advertising, solicitation, or offer for sale of a medicare supplemental policy (or a certificate issued thereunder), or the delivery of such a policy (or a certificate issued thereunder), into any State in which such policy or certificate has not been approved by the State commissioner or superintendent of insurance. For purposes of this paragraph any medicare supplemental policy (or a certificate issued thereunder) shall be deemed to be approved by the State commissioner or superintendent of insurance of such State if (i) it has been approved by the commissioners or superintendents of insurance in the States in which more than 30 percent of such policies or certificates are sold, or (ii) such State has in effect a law which the commissioner or superintendent of insurance has determined gives him the authority to review, and to approve, or effectively bar from sale in the State, such policy or certificate; except that such a policy or certificate shall not be deemed to be approved by a State commissioner or superintendent of insurance if such State requests to the Secretary that such policy or certificate be subject to such State's approval.

"(C) This paragraph shall not apply in the case of a person who mails or causes to be mailed a medicare supplemental policy (or certificate issued thereunder) into a State if such person has ascertained that the party insured under such policy to whom (or on whose behalf) such policy or certificate is mailed is located in such State on a temporary basis.

"(D) This paragraph shall not apply in the case of a person who mails or causes to be mailed a duplicate copy of a medicare supplemental policy (or of a certificate issued thereunder) previously issued to the party to whom (or on whose behalf) such dupli-

cate copy is mailed, if such policy or certificate expires not more than twelve months after the date on which the duplicate copy is mailed.

"(e) The Secretary shall provide to all individuals entitled to benefits under this title (and to the extent feasible, individuals about to become so entitled) such information as will permit such individuals to evaluate the value of medicare supplemental policies to them and the relationship of any such policies to benefits provided under this title.

"(f)(1)(A) The Secretary shall, in consultation with Federal and State regulatory agencies, the National Association of Insurance Commissioners, private insurers, and organizations representing consumers and the aged, conduct a comprehensive study and evaluation of the comparative effectiveness of various State approaches to the regulation of medicare supplemental policies in (i) limiting marketing and agent abuse, (ii) assuring the disemination of such information to individuals entitled to benefits under this title (and to other consumers) as is necessary to permit informed choice, (iii) promoting policies which provide reasonable economic benefits for such individuals, (iv) reducing the purchase of unnecessary duplicative coverage, and (v) improving price competition.

"(B) Such study shall also address the need for standards or certification of health insurance policies sold to individuals eligible for benefits under this title, other than medicare supplemental policies.

"(C) The Secretary shall, no later than July 1, 1981, submit a report to the Congress on the results of such study and evaluation, accompanied by such recommendations as the Secretary finds warranted by such results with respect to the need for legislative or administrative changes to accomplish the objectives set forth in subparagraphs (A) and (B), including the need for a mandatory Federal regulatory program to assure the marketing of appropriate types of medicare supplemental policies, and such other means as he finds may be appropriate to enhance effective State regulation of such policies.

"(2) The Secretary shall submit to the Congress on January 1, 1982 and periodically as may be appropriate thereafter (but not less often than once every two years), a report evaluating the effectiveness of the certification procedure and the criminal penalties established under this section, and shall include in such reports an analysis of—

"(A) the impact of such procedure and penalties on the types, market share, value, and cost to individuals entitled to benefits under this title of medicare supplemental policies which have been certified by the Secretary;

"(B) the need for any changes in the certification procedure to improve its administration or effectiveness; and

"(C) whether the certification program and criminal penalties should be continued.

"(g) For purposes of this section, a medicare supplemental policy is a health insurance policy or other health benefit plan offered by a private entity to individuals who are entitled to have payment made under this title, which provides reimbursement for expenses incurred for services and items for which payment may be made under this title but which are not reimbursable by reason of the applicability of deductibles, coinsurance amounts, or other limitations imposed pursuant to this title; but does not include any such policy or plan of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations (or combination thereof), for employees or former employees (or combination thereof) or members or former members (or combination thereof) of the labor organizations.

"(h) The Secretary shall prescribe such regulations as may be necessary for the effective, efficient, and equitable administration of the certification procedure established under this section.".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act, except that the provisions of paragraph (4) of section 1882(d) of the Social Security Act (as added by this section) shall become effective on January 1, 1982.

(c) The Secretary of Health, Education, and Welfare shall issue final regulations to implement the certification procedure established under section 1882(a) of the Social Security Act not later than October 1, 1980. No policy shall be certified and no policy may be issued bearing the emblem authorized by the Secretary under such section, until January 1, 1982. On and after January 1, 1982, policies certified by the Secretary may bear such emblem, including policies which were issued prior to January 1, 1982, and were subsequently certified, and insurers may notify holders of such certified policies issued prior to January 1, 1982, using such emblem in the notification.

Mr. BAUCUS. Mr. President, this amendment substitutes a new section 508 in lieu of the current section dealing with voluntary certification of medicare supplemental health insurance policies in States that do not have adequate programs of their own.

This provision is favored by many senior citizens and consumer organizations. The General Accounting Office and the administration have gone on record in strong support of enactment of a voluntary certification program.

A number of my colleagues have been especially helpful in developing this substitute amendment. I want to thank Senators CHILES, CULVER, and METZENBAUM, for their efforts and commitment to providing needed protection to the elderly.

While I believe that the committee modification as originally adopted on December 5 is a good one, the amendment I am offering today makes a number of technical changes and clarifications which will significantly improve the proposed certification program. Let me stress that this is a fine tuning of a previously adopted amendment and it does not depart from the original intent.

Section 508 is necessary because the medicare program places certain limitations on the kinds of health services which are covered. In addition, there are deductibles and coinsurance amounts for which the beneficiary is liable.

In order to supplement their medicare coverage, nearly two-thirds of the aged population purchases private supplemental health insurance—the so-called MediGap policy. Detailed hearings held by the Senate and House Aging Committees, the House Interstate and Foreign Commerce Committee, and other investigations have identified numerous and widespread abuses in the sale of MediGap policies.

The difficulty has been, Mr. President, that in the last decade, to say the least, too many rotten apples have spoiled the barrel. That is, too many insurance agents and insurance companies have taken advantage of senior citizens, widows, widowers. These individuals often cannot read the fine print in the policy or for whatever reason purchase policies that in many cases are duplicative and does not provide the coverage they think is being given.

To assist beneficiaries and to avoid exploitation, the Senate adopted without objection a Finance Committee modification of the disability bill on December 5. The provision would require the Secretary of Health, Education, and Welfare to establish a voluntary program for certification of MediGap policies which meet certain minimum standards in States that do not apply equivalent or higher standards.

Let me stress the urgency in adopting and beginning to implement this important program. The earliest disclosures of the problem date back to 1971 when the Senate Antitrust and Monopoly Subcommittee held hearings. Roughly 19 reports, investigations, and congressional hearings have been released which further identify and document abuses in the sale of MediGap policies to the elderly.

Indeed, the House Select Committee on Aging estimates the loss to senior citizens to be $1 billion a year.

Senior citizens, like most Americans, are uninformed about insurance. An insurance policy is a "blind item"—senior citizens have no way of judging the value of what they are purchasing. They have to accept the representation of agents. They fail to understand the effect of small print commonly contained in such policies which say that in the case where a senior has more than one such policy, only one policy will pay. Senior citizens need some guidance as to what is an acceptable policy.

A Federal voluntary certification program represents a sensible approach to eliminating these problems. The Federal Government created many of these problems through the enactment of medicare and is therefore obligated and responsible to do something about it.

It has been suggested that Congress defer taking positive action on a voluntary certification program to give State legislatures an opportunity to enact the standards adopted by the National Association of Insurance Commissioners.

I commend the NAIC for adopting model minimum standards for medicare supplementary health insurance policies.

But there is no reasonable justification for delaying implementation of this program in spite of the NAIC's standards.

The senior citizens of the Nation cannot wait. They need help now. In 1971, the Senate Anti-Trust and Monopoly Subcommittee detailed significant abuses in the mail order sale of medicare supplementary health insurance policies. The next year, the National Association of Insurance Commissioners adopted model minimum standards for mail order insurance.

In 1979—some 8 years later—less than half of the States had adopted model standards for mail order policies. Moreover, even the ones that had enacted the regulations have found them inadequate and have asked Congress to step in.

The purpose of the study in section 508 is not to determine the need for a voluntary certification program, but rather

whether States have identified approaches that might be useful in making the Federal program more effective.

In delaying implementation of the certification procedure, we would be doing a grave disservice to the senior citizens of our Nation.

It is our effort here, Mr. President, to try to find some way to encourage the States to remedy the problem. My bill represents a reasonable way to light a fire under the States to encourage them to take care of the problem in their own backyards.

Under the procedure in my amendment, companies could submit their policies to the Secretary of HEW for certification that the policy meets prescribed standards. The company could then display an emblem of certification on its policy.

To be certified, a policy would have to meet standards with respect to coverage drawn primarily from the National Association of Insurance Commissioners model regulations; be written in simplified language and in a form which can be easily understood; not limit benefits for more than an initial 6-month period because of a health condition existing before the policy was effective; prominently display a "no-loss cancellation clause" enabling the insured to return a policy within 30 days without financial loss; be expected to return to policyholders in the form of aggregate benefits at least 75 percent of the amount of premiums collected in the case of group policies, and at least 60 percent in the case of individual policies; and contain information that prospective purchasers would need to make an informed evaluation of the policy.

In addition, the Secretary would make readily available to medicare beneficiaries such information as will assist them in evaluating MediGap policies.

As I have said, policies issued in any State which has implemented a regulatory program that requires compliance with minimum standards that are equal to or higher than the Federal standards would be deemed to be certified. A key standard in the voluntary certification program is the minimum loss ratio. The purpose of this provision is to insure the policyholders receive reasonable financial return for their health insurance premium dollar.

In the area of medicare supplementary insurance, it is common for companies to return as little as 20 or 30 percent on the premium dollar while Blue Cross and Blue Shield, by contrast, return over 90 percent on the premium dollar. The average loss ratio for all health insurance within the insurance industry is 80 percent.

It is unconscionable to let companies return only 20 or 30 cents on the premium dollar, retaining the rest in profits and administrative expenses.

In order to guarantee that every purchaser of a certified policy receives full and fair value, the bill provides that the Secretary will compare actual incurred losses and earned premiums each year for every certified policy form in order to determine whether it can be expected to return to the policyholder an acceptable level of payment.

If the actual data shows a payout lower than 60 percent of premiums for individual policies or 70 percent for group, certification would be withdrawn. Exceptions could be granted where the policy is in its early years and lacks credible loss experience, or where the operation of permitted preexisting-disability exclusions might create temporary aberations in a policy's benefit payment experience.

I want to stress that the standards to be applied is the loss ratio actually experienced on a yearly basis, not a loss ratio which might be anticipated over a longer period of time.

For example, take an individual policy which showed an actual loss ratio of 50 percent on its current experience, but which was anticipated to have a lifetime loss ratio over 20 years greater than 60 percent. This policy should not be certified until its current loss ratio increased to at least 60 percent.

There is no good reason why persons who buy a policy form in the first several years following its issuance should receive a poorer value than those who buy later. And there can be no assurance that a company's estimates of its long-term premium income and payout will actually occur.

For example, a company may argue that its present loss ratio of 30 percent will increase to 70 percent as the policy ages—thus producing an average loss ratio of, say, 60 percent over the next 10 years. One of the problems with such estimates is that the company may simply raise its premiums to offset increases in the payout—thus effectively keeping the loss ratio from increasing as predicted. Moreover, experience with our public health care programs shows dramatically how difficult it is to predict health care costs.

Under the provisions, penalties would be provided for engaging in certain fraudulent activities: For furnishing false or misleading information for the purpose of obtaining certification; for misrepresentation as an agent of the Federal Government for the purpose of selling insurance to supplement medicare; and for knowingly selling insurance policies whose benefits would be reduced or denied because they duplicate benefits under another policy held by the purchaser; and for knowingly advertising, soliciting, or offering mail-order policies in a State contrary to the desire of the State insurance commissioners.

Under the bill, selling MediGap policies by mail would be a felony unless approved by the State in to which it is mailed, or by another State in which over 30 percent of such policies are sold, or if the State has laws which permits the commissioner to review, approve, or bar these mail-order policies.

The purpose of this provision is to assure that a State insurance commissioner will have Federal sanctions available to help him protect the residents of his State against shoddy policies mailed in by out-of-State companies. The various exemptions are designed to make it unnecessary for the State and out-of-State companies to initiate any special review and approval procedure where the State chooses not to do so.

Upon conviction of any one of these four offenses, which will be classified as felonies, an individual would be subject to a fine of up to $25,000 or imprisonment for up to 5 years, or both.

Certification will assure medicare beneficiaries that the policy they purchase will provide adequate, fairly priced protection against health care expenses that are not covered by medicare. Certification, together with the provisions for full disclosure, will create a climate of consumer understanding that will foster healthy competition with a competitive advantage for the best plans.

Under the bill, the Secretary will also make available to all medicare beneficiaries information which permits them to evaluate the value of supplemental policies. This provision too will promote enhanced consumer information.

A decade of abuse and problems in the sale of MediGap policies to the elderly have been documented by investigations, reports, and congressional hearings conducted by House and Senate Select Committees on Aging.

What do these disclosures show?

Senior citizens receive confusing information about the scope and extent of coverage provided.

Unethical sales practices result in tragic situations where older Americans purchase 2, 3, 4, and in 1 case as many as 90 duplicative and worthless policies in supplementation of medicare.

Restrictive benefit clauses often make the policies financially unattractive or even worthless.

Complex policy language makes it difficult, if not virtually impossible, for these consumers to make informed and intelligent choices about the policies they wish to purchase.

By acting now to establish a program of voluntary certification, the Congress can send a strong message to those who market poor quality plans and to those who prey upon the elderly and the infirm.

I believe that we have already waited far too long to combat and eliminate the documented abuses and confusion in the medicare supplementary field.

Mr. President, in the intervening weeks since we first considered the social security disability legislation, there have been many comments on section 508. Many representatives of the health insurance industry and State regulators have contacted me indicating their views with respect to a voluntary certification program. I want to thank especially Harp Cote and Jay Jenks for their suggestions and thoughtful comments.

I have met with these individuals and spoken with countless others over the phone. I have tried to accommodate many of the concerns of the insurance industry and State regulators. I have made every effort to compromise and revise in response to legitimate comments.

My amendment incorporates many of the sound recommendations received over the past several weeks.

Let me briefly explain some of the changes reflected in the pending substitute. Some are perfecting amendments. Others are designed to clarify certain provisions of the program.

The substitute for section 508 is being

offered in the expectation that it will significantly improve this program. The substitute in no way undermines or violates the essence of the program—which is to establish a procedure whereby medicare supplemental policies can be certified as meeting minimum standards.

Under the amendment, the scope of the proposed program has been limited so that it now focuses exclusively on areas of demonstrated abuses.

This has been accomplished by excluding from the definition of affected policies, group contracts established by an employer or labor organization. No case has been made that the MediGap abuses apply to employer-based and union-sponsored group policies sold to the elderly.

The amendment makes it clear that these policies will not come within the ambit of the voluntary certification program or the felony provision dealing with duplication of benefits and mail order policies.

The scope of the amendment has also been clarified with respect to State and Federal laws which provide health benefits. Concern was expressed that the penalty provision for selling duplicative policies would inadvertently interfere with State laws such as veterans' programs, workmens compensation, and no-fault auto insurance. The provision has been amended so that the duplication penalty would not apply where individuals purchased benefits which might overlap with benefits which they might become entitled to under requirements of State or Federal law (other than under title 18).

The pending amendment responds to the concern over broad secretarial discretion in setting regulations to implement and administer the voluntary certification program. In the original provision, for example, the Secretary had discretion in establishing the reasonableness of the premium charge. This discretion has been eliminated altogether since it is not the intent of the bill's sponsor to have the Secretary engage in rate-setting of insurance premiums.

Clarifications have also been made to stress that minimum standards will largely be drawn from the insurance commissioners themselves. I do not intend for the Secretary to arbitrarily impose unreasonable standards on MediGap policies for the purposes of receiving certification. In setting standards, therefore, with respect to adequacy of coverage, the Secretary will use as a guideline, the NAIC model regulations to implement the Individual Accident and Sickness Insurance Minimum Standards Act. This is another example of how the scope of the provision has been limited.

The amendment eliminates potential abuse by unscrupulous agents of the Federal seal of approval for the purpose of twisting or replacing good policies. Representatives of the insurance industry and State officials have stated that they fear that unethical agents will use the "good housekeeping seal" to encourage senior citizens to replace good policies that are not yet certified because they were issued before the voluntary certification program became effective.

The substitute eliminates this possibility by amending the effective dates of the program to occur in two stages. First, the Secretary of HEW will issue final regulations to announce the certification procedure by October 1, 1980; 15 months will elapse, however, before the Secretary may actually certify a policy and issue an emblem stating that fact.

The delay in the issuance of the certification seal will allow all companies which market MediGap policies to adjust those policies to conform with Federal standards so that the seal can be provided for policies already in force when the program takes effect as well as for policies issued after that date.

The enormous concern shown by these individuals over the possible misuse of a well-intentioned program represents the best evidence of the extent of agent abuses. It provides a compelling argument in support of establishing these critical protections for elderly Americans.

The amendment will not require nor promote excessive regulations by State commissioners on the issue of mail order insurance.

State insurance commissioners who are normally wary of Federal intervention have asked the Federal Government to help them regulate mail order insurance sold to the elderly in supplementation of medicare. At the present time, it is possible for an insurance company licensed in any one of the States to offer its policies for sale in each of the other States without having these policies approved by the insurance commissioner of the States into which policies are mailed. What this means is that mail order firms escape regulation. They have the competitive advantage by being allowed to market policies which do not conform to State standards.

In response to a questionnaire on whether the States would support the mail order provision, many State regulators answered emphatically in the affirmative.

One commissioner maintained that "too much of the so-called MediGap supplemental insurance market is being solicited through the mails, insulated from State regulations."

Another commissioner indicated his full "*** support of Federal legislation designed to regulate all mail order insurance policies at the State level including those policies purportedly sold to supplement medicare coverage, whether sold on an individual or group basis. I am in complete agreement with the superintendent of insurance of the State of New York with respect to his concern about phony trusts, especially when created by insurance companies, whose only purpose is to circumvent State insurance laws which define 'group insurance' and do not include fictitious groups, such as 'trusts' whose members have nothing in common except their common interest in the purchase of insurance."

A commissioner of a large Southern State responded:

I strongly support your suggestion to bar the sale through the mails of any policy which has not been approved by the State insurance commissioner of the State into which the policies are mailed.

Consistent attempts have been made throughout the entire bill to draw upon the recommendations of the National Association of Insurance Commissioners. The NAIC, in fact, endorses the mail order provision, I quote:

The NAIC supports efforts to deter market abuses by imposing federal criminal sanctions for certain types of market conduct. This support was recently expressed in the number of affirmative responses to a questionnaire * * * Most insurance regulators would agree that properly drafted criminal penalties for medicare supplemental insurance abuses are an excellent example of how federal legislation can complement existing state regulation by reinforcing rather than undercutting state regulatory activities.

My amendment makes it a felony to knowingly mail any medicare supplemental policy into a State where the policy has not been approved by the State insurance commissioner. In order to avoid placing an unfair burden on State commissioners and insurers, however, the amendment permits the commissioner to deem a MediGap policy approved in his State: If it has been approved by commissioners in the State where more than 30 percent of those policies are sold, or if the State officials believes he already has sufficient authority to monitor the sale of mail orders policies in his State. In effect, the Federal sanction will be available only to the extent that the State insurance commissioner wishes to subject a policy to his own approval.

The original provision providing for the establishment of a voluntary certification program of MediGap policies sold to the elderly is a good one. The substitute amendment makes the program a better one. The focus of the legislation has been limited, concerns over broad secretarial discretion have been addressed, and potential abuses of the Federal seal have been eliminated.

The certification program will result in no significant additional Government expenditures. It will create no new Federal bureaucracy. The Secretary of HEW will not have wide powers to promulgate a raft of new regulations. Consumer groups, senior citizens organizations, the administration, and the General Accounting Office are on record in strong support of this approach.

Congress can take a giant step toward reducing the abuses in MediGap practices by enacting this program. It will provide assurance to older Americans that the insurance policy they purchase meets basic standards for coverage and benefits. Senior citizens have waited too long for these minimum assurances. They should not be forced to wait any longer.

With that in mind, the Senator from Kansas, I understand, is going to offer an amendment to this amendment which, in effect, delays the implementation date of the HEW volunteer certification process and modifies it in a way so that the Secretary of HEW will not implement the voluntary certification process unless the Secretary of HEW finds, within a year and a half, that certain States, on a State-by-State basis, have not established standards equal to or stronger than those outlined in the bill. Mr. President, I shall accept that amendment in pursuit of finding a beginning so we can take the first step and remedy the problem.

I compliment the Senator from Kansas. I think he has been very wise in suggesting the amendment. I do not mean to steal his thunder in describing it, but he also provides in the amendment that Congress will have 60 days to review the findings of the Secretary.

I think that is a good compromise. It is a good beginning. And it is my hope, Mr. President—in fact, it is my understanding—that all the principal actors in this amendment agree to it.

I thank all those parties for their very fine efforts.

Mr. President, I ask unanimous consent that a list of some of the abuses we are covering, as well as a table listing some of the studies of abuses, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CASE HISTORIES

There is a veritable litany of case histories where senior citizens are easy prey for aggressive and unscrupulous insurance agents.

Item: A 76-year-old Illinois woman was sold some 71 life and hospitalization policies since she was widowed in 1976. Some 42 of the policies are currently in effect. It was reported she had to mortgage her farm to keep up with the premiums which in one year amounted to $15,000.

Item: An 80-year-old Pennsylvania woman spent over $50,000 on 31 policies over a three-year period. She took out a $3,000 loan from a bank to make insurance payments.

Item: A Pennsylvania widow also near 80 was spending $100 of her $109 old age pension on insurance. She said she sold baked goods and dipped into her small savings to survive.

Item: An 87-year-old Wisconsin woman purchased 19 different policies from 6 agents representing 9 companies and costing $4,000. As in these other cases, the policies were largely worthless because of duplication.

Item: A Florida couple, age 82 and 78, delayed repairing their refrigerator, television or stove because they were trying to keep up with $2,882 yearly premium on 19 separate insurance policies.

Item: An Ohio woman bought 13 different policies over a two-year period, costing her more than $9,000 or 68 percent of her income.

Item: An 84-year-old Texas woman paid over $15,303 for 23 health policies. Investigation revealed that several of the items she thought were insurance policies were worthless vehicle warranty contracts and a deed to worthless, unwanted Texas land.

Item: A 94-year-old Kansas man was sold 26 accident and health policies in the past three years.

Question 1: Should the enactment of a program of voluntary certification and other reforms in the Baucus amendment be postponed until further study can be made?

Answer. No. Senior citizens cannot afford to wait. They need help immediately. An insurance policy is very much a "blind item"—consumers cannot judge the worth of the policy themselves and must rely upon the representations of agents. There have been 19 major studies of this issue going back as far as 1971. These studies are listed below. They confirm the nationwide scope of the problem and the fact that few States have taken action to prevent senior citizens from being sold multiple, duplicate and essentially worthless insurance policies.

December 1979. Study of Medigap Insurance by George Washington University's Intergovernmental Health Policy Project (soon to be released).

November 1979. Study by American University on "Medicare Supplements and their value and control under grant No. 90–a–1677 from the Administration on Aging (HEW).

June 1979. Hearings by the House Interstate and Foreign Commerce Committee.

June 1979. Study by the U.S. General Accounting Office for the House Committee on Aging.

June 1979. Hearings by the Massachusetts Legislature.

November 1978. Hearings by the House Select Committee on Aging and a report "Abuses in the Sale of Health Insurance to the Elderly in Supplementation of Medicare: A National Scandal."

September 1978. Study of Medigap Insurance by the Chicago Tribune.

July 1978. Study of Medigap Insurance by the Federal Trade Commission.

July 1978. Study by the Kansas Insurance Commissioners.

May–June 1978. Hearings by the Senate Committee on Aging.

March 1978. Exposé of Medigap Insurance Abuses by the Newark Star Ledger.

December 1977. Investigation by the Wisconsin Insurance Commissioner.

July 1976. Investigation by the State of Oregon.

January 1976. Study by Consumer Reports magazine.

September 1974. Study by the State of Pennsylvania Department of Insurance.

December 1974. Report on Medigap Insurance by the Senate Committee on Aging.

May 1973. Consumer Reports magazine.

January 1973. Investigation by the Pennsylvania Department of Insurance.

May 1972. Hearings by the Senate Judiciary Committee, Subcommittee on Anti-Trust and Monopoly.

Mr. BRADLEY. Mr. President, as a member of both the Finance Committee and the Special Committee on Aging, I would like to join Senator BAUCUS today in reaffirming support of the MediGap amendment added to H.R. 3236 by the Finance Committee last November.

The enactment of medicare in 1965 provided long awaited relief to those of our Nation's elderly burdened with high medical expenses and little, if any, insurance coverage. Now, 15 years later, we are coming to terms with the fact that medicare is not a comprehensive program. Many of the medical services used by the elderly are not covered under medicare. Furthermore, the growing financial strain associated with these gaps in coverage has eroded some of the early achievements of this insurance plan. The aged pay more out-of-pocket for medical services today than they did in 1965. Only 38 percent of all medical bills faced by the elderly are paid by medicare; the remainder are paid out-of-pocket, or through medical assistance or private insurance.

The growing financial burden of these uncovered services has created a new market—the medicare supplemental or MediGap insurance industry. A vast array of private insurance companies, from the most respectable to the less reputable, have entered the marketplace. Over 50 percent of people over 65, or 12.6 million, have at least one such policy, spending between $500 million and $1 billion annually on premiums. The supplemental policies that call themselves MediGap are of very different types, with very different benefits and degrees of supplementation of medicare. While many MediGap insurers deal in an honest way with their elderly clientele, some insurers have exploited this new market, preying on the real fears of the elderly over rising health care costs.

In 1978 the Special Committee on Aging held hearings which detailed numerous horror stories about unscrupulous marketing tactics for MediGap policies. Postdating, forgery and misrepresentation are all too common, and consumers are often knowingly sold plans with duplicative coverage, believing that each policy fills a different gap. For example, testimony revealed that one 87-year-old woman was sold 19 separate MediGap policies in a single year.

Abuses such as fraud, highlighted in the Senate hearings, are only part of the problem. Confusion about what is and what is not covered by medicare is widespread among beneficiaries. Hence the need for supplementation in specific areas is not always understood. Moreover, consumers are generally not well informed about health insurance and can misinterpret the usefulness of various policy provisions and exclusions. Another critical cause of misunderstanding derives from the lack of standardization of MediGap policies. With no two policies exactly alike, it is difficult, if not impossible, for the consumer to evaluate the relative cost or merits of different MediGap policies.

Because the insurance industry is regulated by the States, regulation of the MediGap market has been very uneven. In most States interest in the MediGap insurance area has developed only gradually. Most State efforts have focused on requiring insurers to provide information and disclosure about their policies. Some States have mandatory standardization and minimum loss ratio requirements. Some States provide medicare beneficiaries with information on how to make good choices among various MediGap alternatives through booklets with descriptions and warnings.

Some States have gone further, requiring insurers to provide consumers with disclosure forms describing medicare benefits, the supplemental policy's benefits and major areas that neither medicare nor the MediGap policy covers.

Sometimes insurers are required to reveal the plan's estimated loss ratio, that is, the percentage of the premium dollar returned in benefits; a number of States have mandated minimum loss ratios by all health insurers. And some States have done virtually nothing. The picture, in short, is very much a patchwork. Abuses and confusion continue.

Such is the backdrop for the MediGap provision approved by the Senate Finance Committee last November. The committee's amendment is intended to remedy the major problems in the MediGap marketplace by providing for voluntary certification of medicare supplemental health insurance policies. The Secretary of HEW, in consultation with the National Association of Insurance Commissioners, would establish minimum standards for MediGap policies. Private insurance companies could then submit their policies for certification. Policies is-

sued in any State which has its own program requiring compliance with minimum standards comparable to those included in the Federal certification program would also be considered certified and would bear the HEW "seal of approval."

Policies certified would be required to contain a written statement of the policy's premiums, coverage, renewability, and coinsurance features. They would also have to be written in simplified language which can be understood by the purchasers. Finally, HEW would undertake a major program of providing information to medicare beneficiaries about medicare coverage, the gaps in coverage, and the value of supplementary policies. The result of this program of voluntary certification and consumer education should be to assure more informed choices by those purchasing MediGap insurance and thereby to reduce the abuses and confusion which currently characterize the medicare supplemental insurance field.

Some have proposed that we delay enactment of this voluntary certification program. I do not believe that further delay is either necessary or reasonable. Nineteen major reports issued since 1972 have documented the serious problems associated with the patchwork of so-called MediGap insurance. Senior citizens and their families should not be required to wait for yet more evidence of abuse. At the present time they have no way of identifying good policies. They must rely on the representations of agents. This modest proposal for voluntary certification is much needed and long overdue. I strongly urge its enactment.

● Mr. METZENBAUM. Mr. President, I rise in support of the Baucus amendment to establish a voluntary certification program for medicare supplemental policies sold to the elderly. Recent investigations by both the House and Senate Select Committees on Aging have documented abuses in the sale of this insurance which are so extensive they constitute a national scandal. I commend Senator BAUCUS for his excellent work on this issue.

I have been deeply concerned about this issue for some time. The Subcommittee on Antitrust and Monopoly has been conducting an extensive examination of the insurance industry under the McCarran-Ferguson Act. Over the past 2 years I have chaired six major hearings on issues ranging from unfair discrimination in property and auto insurance to excessive rates and marketing abuses in credit insurance. I am, therefore, especially pleased to support this amendment, a proposal which addresses an extremely urgent problem in the insurance business. My staff has worked closely with Senator BAUCUS and the Finance Committee on this amendment.

The voluntary certification program is an important step forward. Presently, few States regulate this type of insurance effectively. Widespread and systematic abuses of senior citizens have been documented in thorough congressional hearings and reports. Many companies routinely return as benefits only 30 or 40 cents out of every premium dollar. Numerous agents, as shown by extensive testimony, misrepresent the scope of coverage, and overload unknowing senior citizens with duplicative coverage. Many companies sell by mail in order to use jurisdictional limitations to avoid regulation by States in which they sell.

Examples of flagrant maltreatment abound. An 88-year-old woman in Florida was sold more than $10,400 of health insurance in a year. A blind, 94-year-old man in Kansas was sold nearly 26 accident and health policies in 3 years. In Pennsylvania, a truly shocking case involved the sale of 31 policies costing $50,574 to an 80-year-old woman over a 3-year period. Every policy lapsed, but not until the woman's entire life savings had been wiped out.

The list is endless; I could recite cases like these all day. Hearings held by the House and Senate Select Committees on Aging, as well as by a number of State commissioners, document a national scandal of awesome proportions. Low pay-outs, high-pressure sales tactics, and duplicative coverage are typical of many insurers operating in many States. The exhaustive record compiled leaves no room for the theory that the problems documented can be explained by an occasional unscrupulous agent or misunderstanding by a policyholder.

Former insurance commissioner William J. Sheppard of Pennsylvania described the problem as "the disgraceful exploitation of the senior citizens of Pennsylvania through the sale of health insurance." Former insurance commissioner Harold Wilde of Wisconsin characterized the "medi-scare insurance racket, as a multimillion-dollar rip-off of our senior citizens" and stated that it has "swindled tens of thousands of Wisconsinites over the past few years." Executive director William R. Hutton of the National Council of Senior Citizens recently stated that the sooner we reach a national standard for MediGap insurance, the quicker we can wipe out "the disgrace of these horrors." The recent staff study of the House Select Committee on Aging concluded that there are widespread abuses with respect to MediGap insurance and that there has been a failure to aggressively regulate such abuses by many State insurance commissioners.

Most MediGap insurance is sold by small specialty companies. The House Select Committee on Aging reported that all but one major company, to which it has sent questionnaires, agreed that the current concern about abuses in the sale of medicare supplementary insurance is justified.

The elderly are easy victims for unscrupulous insurance sellers. Senior citizens often fear no one will sell them health insurance because of their age. Terrified by the crushing costs of medical care, they tend to buy policies indiscriminately in an effort to purchase security. At the same time, they are frequently ignorant about insurance matters, and not always able to look out for their own bests interests. As a result, they are easy marks.

Medicare, of course, is a Federal program. Since MediGap insurance is expressly designed to cover what medicare does not, it is especially appropriate that Federal standards govern this type of insurance.

I would prefer mandatory standards. I believe that the record of chronic abuses and inaction by the majority of States clearly supports the imposition of compulsory minimum standards. But a voluntary program is a start. And with tough but fair standards, a good start. Voluntary certification would allow the better policies the opportunity to earn the "Good Housekeeping" seal of approval. Consumers could then be assured of a fair deal whenever they bought a policy certified by the U.S. Government.

But for such a system to work, it is imperative that the standards set be both high and rigorous. It would be a cruel hoax indeed if a policy officially certified by the Federal Government turned out, after all the experience came in, to be a ripoff.

I believe that certification by the U.S. Government should be a mark of excellence. I support this program only on the assumption that no MediGap policies will be certified by the Secretary of HEW unless they are of truly first-rate quality. It is imperative that the standards applied be both high and rigorous.

A key provision is the minimum loss ratio. This standard will insure that at least 60 percent of premiums paid are returned to individual policyholders as benefits. While much lower than the standard generally achieved by Blue Cross/Blue Shield plans, this measure is a guarantee of minimum economic value. In administering this program, I expect the Secretary to make sure that policies remain certified only if actual data, checked on a yearly basis, show that the loss ratio standard is actually being met.

As I understand the amendment, long-term anticipated loss ratios, based on estimates of future losses, will not be relied on. Without reference to actual loss and premium experience on a current basis, it would be extremely difficult to monitor compliance with the standard.

Other key provisions in the amendment are the disclosure requirements. Senior citizens must be informed not only what a policy covers, but what it does not. This is key to avoiding pie-in-the-sky sales presentations which often conceal glaring deficiencies in coverage. Also of great importance are penalties provided for selling duplicative coverage, pretending to act under the authority of a Federal agency, or selling policies through the mail in States where they have not been approved.

The voluntary certification program is an important step forward. It is a moderate and balanced program. The problems congressional hearings have documented in the sale of health insurance to the elderly are of the utmost severity and urgency. Little effective action has been taken by the States to date. It is imperative that Congress act quickly and decisively to protect the Nation's elderly from insurance ripoffs.●

Mr. BAUCUS. Mr. President, I ask unanimous consent that Senator CULVER, Senator METZENBAUM, and Senator LEVIN be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENIOR CITIZEN HEALTH INSURANCE REFORM

● Mr. CULVER. Mr. President, in the 1st session of the 96th Congress, Senator BAUCUS and I introduced the Senior Citizen Health Insurance Reform Act of 1979. This legislation would establish a voluntary certification program for companies selling insurance policies intended to supplement medicare coverage, and stiffen the penalties for unethical sales practices. As such, it would provide much-needed consumer protection to the millions of older Americans who purchase such health insurance policies. The major provisions of the Senior Citizen Health Insurance Reform Act have been included in the Social Security Disability Amendments of 1979, which are now before the Senate.

Many people under age 65 do not realize that medicare covers only a modest and declining portion of the elderly's health-care expenses. To offset the skyrocketing costs of health care and the potentially bankrupting effect of a catastrophic illness, 15 million out of 23 million, or two-thirds, older Americans have turned to private health insurance policies to fill the gaps in their medicare coverage.

Numerous investigations and detailed hearings, by both House and Senate Committees on Aging, have documented widespread abuses in the sale of these medicare supplemental, or so-called MediGap, policies. Instead of bolstering medicare benefits, many policies sold to the elderly merely duplicate coverage already held and return as little as 20 cents in benefits for every dollar paid in premiums. A Federal Trade Commission study released in July 1978, noted that fully one-quarter of our senior citizens who attempt to purchase extra insurance to supplement medicare are actually sold unnecessary, costly, and overlapping coverage. The multiple abuses uncovered in the supplemental insurance area may well constitute a $1-billion-a-year fraud against older Americans.

Mr. President, it may not be possible to guarantee that no older person is sold an unneeded health insurance policy, or one that fails to provide all the needed benefits, but it is possible to reduce substantially the current fraud and abuse in this area. Many people are persuaded to buy unnecessary or duplicative policies because they lack the information needed to evaluate the value of various insurance plans. Few understand the implications of various escape clauses that exclude coverage of preexisting health conditions for lengthy waiting periods, or specify that only one policy will pay in the event of an illness. The fine print, technical provisions, and complex language contained in many policies often confuse the elderly. Moreover, older consumers have little or no protection against unscrupulous tactics by companies and agencies selling MediGap policies.

The supplemental medicare insurance legislation included in the social security disability amendments would address these problems of abuse and fraud against the elderly in several ways. This bill would direct the Secretary of Health, Education, and Welfare to establish Federal minimum standards for "MediGap" insurance. Companies providing such policies could then voluntarily submit their policies to the Secretary for certification. Policies meeting minimum standards for value and clarity would receive a uniform seal of approval which then would give the elderly purchaser some standard by which to judge the policy and some assurance that the policy is not deceptive. The Federal minimum standards outlined in this legislation are based on model standards adopted by the National Association of Insurance Commissioners (NAIC).

To address the problem of unethical sales practices, this bill would institute Federal criminal penalties for those who knowingly sell to a person eligible for Federal health insurance programs such as medicare, a policy which substantially duplicates protection already owned. It would also be a felony for any insurance salesman to pretend to be a representative of medicare as a tactic to pressure the elderly to purchase a policy.

Mr. President, not all senior citizens are touched by the documented abuses in the supplemental medicare insurance field, nor are most insurance companies or agents guilty of perpetrating those abuses. But the problems faced by this Nation's elderly, in attempting to insure their financial security against the rising costs of health care, cannot be ignored. I urge my colleagues to support this provision of the disability amendments and the protection it provides.●

Mr. DOMENICI. Mr. President, will the Senator yield me 3 minutes?

Mr. BAUCUS. I yield.

Mr. DOMENICI. As I understand it, the Dole substitute which the Senator has addressed in his remarks as a compromise has not yet been introduced, but will be shortly, is that correct?

Mr. BAUCUS. That is correct.

Mr. DOMENICI. I am a cosponsor of it and I rise in support of it. The senior Senator from Florida and I as the ranking Senator on the Aging Committee, undertook hearings in that committee on this issue of fraud with reference to so-called MediGap insurance. I am sure it exists. I am sure that population of senior citizens that are concerned about whether or not they are going to be able to take care of the expenses that accompany sickness and ailments of aging are among our poorer population and many of them have been misled. Many of them have been victims of agents that have almost been malicious in their intent to defraud and cheat them.

While all this investigation has been occurring, the States in the Nation have begun to respond with statutes and regulations that will protect the citizens in their respective States. It is this Senator's opinion that this amendment will say to the States, "Unless you want the Federal Government to get involved, you had better clean up your own house; you had better pass at least a minimal disclosure and substantive requirements proposed by your own industry and reiterated in this amendment." They will be given a clear opportunity, under the Dole modification, to do that. If they do not, and it is found that they do not, or they are not ready within the time prescribed in this amendment, then the U.S. Government, through the Secretary of HEW, will so find and will inform the committees of jurisdiction in both bodies and we shall be free to act.

I think, on the State-by-State basis, it is obviously the intent of this amendment that it will be clearly visible to all which States are really desirous of protecting the senior citizens within their States. We shall find out, in short order, whether the States are really capable of doing that and, if they are not, they and the insurance industry will have to take the medicine of having, on a State-by-State basis, the National Government certify which policies meet minimum standards and which do not.

I hope they will all enact legislation so they can police the industry and protect their citizens. It will be a far better approach.

Having said that, I commend the Senator from Montana for the interest and effort he has engaged in this issue. I am confident we must do something. I am hopeful that the industry and the States will do it for themselves and we shall not have to breach the long-standing commitment of our National Government to stay out of the regulation of insurance. I wholeheartedly concur that something must be done. I hope this is enough. I hope the Dole compromise, which I want to be a cosponsor of, will pass tonight and become the law of the land.

I thank the Senator from Montana for yielding.

Mr. BAUCUS. Mr. President, I yield the floor.

Mr. CHILES. Will the Senator yield me a second?

Mr. DOLE. I yield to the Senator from Florida.

Mr. CHILES. Mr. President, I support the Senator from Montana in his amendment. The Committee on Aging, almost 2 years ago, held hearings on the MediGap insurance abuses and I think what we are doing here today is an attempt to correct that.

NO DELAY ON MEDIGAP INSURANCE AMENDMENT

Mr. President, I rise in support of the MediGap amendment, section 508 of the bill before us, which the Senate unanimously agreed to consider as part of this bill on December 5, 1979. We have considered this matter long enough, and I believe any further delay would send an unmistakable message to the millions of older Americans who are waiting for Congress to take action against the blatant abuses which have been uncovered in the sale of MediGap insurance policies.

Mr. President, as chairman of the Committee on Aging, I sat through 2 days of eye-opening testimony from elderly

people who had been swindled—from State insurance commissioners who verified that these problems had been around for a long time—and from State law enforcement officials who told us how hard it was to control MediGap abuses. That was in 1978. And the Committee on Aging also had hearings on MediGap abuses, and issued a report, in 1974.

The House Subcommittee on Health and the Environment has held 2 days of hearings. The House Select Committee on Aging has held hearings. The Finance Committee and the Ways and Means Committee have studied MediGap problems, and both of these committees have taken decisive action. The Ways and Means Committee has already reported an amendment very similar to the one before us now. I call attention to the statement made by members of the Ways and Means Committee in their committee report: That a "consensus has emerged about the critical need to act" on MediGap abuses.

This amendment is solidly supported by older Americans, by consumer groups, by the Department of Health, Education, and Welfare, and by the White House. They have all given this issue study, and they are all urging that there be no further delays.

There is some pretty strong support right here in the Senate too. Just before the Christmas recess, Senator DOLE, Senator BAUCUS, and I and 20 other Senators circulated a letter urging all Members to support this amendment and give it quick action.

The first time severe problems in marketing MediGap insurance policies were given Federal attention was in 1971. There have already been 20 major studies of this issue.

I think that is enough study, and we have waited long enough. Older Americans should not be asked to wait even longer. They have already lost millions of dollars. Granting further study would only mean further losses.

Mr. President, some health insurance companies and State insurance departments raised objections to portions of the amendment before us because they thought some of the language was too vague and needed more clarification. They were afraid there would be some unintended consequences once the voluntary certification program was implemented.

I point out that Senator BAUCUS and Senator DOLE and the Finance Committee staff have listened to these concerns. Senator BAUCUS has made a number of technical changes and clarifications to this amendment in response to these concerns. I think they are all good changes and will strengthen the amendment.

I do not think anyone quarrels with the minimum standards for MediGap insurance policies proposed in the amendment. These standards come from recommendations made by the National Association of Insurance Commissioners and members of the Health Insurance Association of America.

What some do not like, however, is the provision for HEW certification of policies which meet these standards.

Mr. President, I remind my colleagues once more that this would be a purely voluntary program. No insurance company in any State would be required to participate. The amendment simply says that those policies which meet the minimum standards outlined in the bill—minimum standards which the industry and the National Association of Insurance Commissioners have agreed upon—could carry a claim to that effect.

Further, the provision for a voluntary certification program supports and encourages State regulation. It in no way preempts State regulation. Policies sold in any State which regulates MediGap insurance sales in a comprehensive manner would automatically be certified. In this way, any State which finds a better way than what we are proposing now would in no way be penalized.

I know that a number of States have already made some good faith efforts to strengthen their protections against MediGap sales abuses, and I hope that additional States will do so. I am afraid, however, that if we backtrack on this legislation now, the progress we have been seeing at the State level will slow down considerably.

Forty-three percent of all State insurance departments have classified MediGap marketing abuses as a "major" problem. Most of the rest of the States indicated that MediGap problems were serious, if not "major." Very few States, however, have conducted an investigation of MediGap problems, and 75 percent of all States do not think that additional State legislation is needed to control abuses.

By the end of 1979, only a few States had taken truly comprehensive action to combat MediGap abuses. Wisconsin and California have been leaders in this area, and now Massachusetts and New Jersey are in the process of adopting comprehensive new regulations.

Even though a large number of States, somewhere between 20 and 30, have given some attention to MediGap abuses recently, most of the actions have been quite limited. For instance, somewhere around 20 States have produced, or plan to produce, a consumer information pamphlet on MediGap. But only two States—Wisconsin and Michigan—require that it even be used at the time of sale of delivery of a MediGap insurance policy. Of the nine States which are developing information disclosure procedures, Wisconsin is the only State which mandates the delivery of a disclosure form at the time of sale, as suggested by the National Association of Insurance Commissioners.

Only eight States have set, or are proposing, minimum loss ratios for MediGap insurance policies.

Mr. President, I think these are all encouraging actions, but I point out that half the States have yet to take any action and that much more comprehensive action is needed even in most of those States which have taken some action since so much publicity has been given to MediGap insurance abuses.

I, for one, would be very happy if this happened, and we no longer had a need for any kind of voluntary certification program. But I do not think we have arrived at that point yet.

I am fearful, therefore, Mr. President, that any signal from the U.S. Senate that we are not serious about continuing to monitor this situation would mean the end of any of the progress we have made so far.

MODIFICATIONS TO MEDIGAP AMENDMENT

Mr. President, Senator BAUCUS and Senator DOLE and the Finance Committee staff have spent considerable time going over the language of section 508 of the bill before us—the MediGap amendment which the Senate has agreed to consider as part of the disability bill. Senator BAUCUS is proposing a number of technical and clarifying changes which I support.

I would like to point out that these changes have been made partially in response to some fears expressed by a few health insurance companies and State insurance commissioners who felt that portions of the language were not defined clearly enough. This has been a good faith effort to make sure that there are not unintended consequences once the amendment's provision for a voluntary certification program of medigap policies is implemented, and I think these changes are good ones and will strengthen the amendment.

Mr. President, these changes should make it easy for us to act now. It has been almost 2 years since I first chaired hearings which revealed startling abuses in the sale of MediGap insurance policies to the elderly. There have been additional hearings and numerous studies since that time which have shown clearly that this market is full of instances of overselling low-value insurance policies and tricking elderly people into squandering their life savings on dozens of insurance policies which will provide them little or no return.

I would hate to be the one to say that we think we need further study before we act.

It appears that the New York State insurance department had feared that the amendment would preempt their no-fault auto insurance rules. The amendment would in no way preempt any State law or regulations, but his has been further clarified.

Some insurance companies were fearful that the provision for State approval of mailorder insurance sales would have acted as a disincentive for employer/employee and labor organization group MediGap plans. This was never intended by the amendment. As a matter of fact, we all recognize that these are often the best MediGap insurance plans available to retired workers. Further clarification of this fact has also been made.

Other technical changes have been made to make sure there are no misunderstandings about the Secretary's authority to determine voluntary loss ratio standards and information disclosure forms for use in the voluntary certification program.

UP AMENDMENT NO. 939

(Purpose: To require a finding by the Secretary that State programs are inadequate before he implements the certification program)

Mr. DOLE. Mr. President, I send an amendment to the Baucus amendment

to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Until the time of the first degree amendment has been used or yielded back, the amendment is not in order.

Mr. BAUCUS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Louisiana yield back?

Mr. LONG. I yield back my time, Mr. President.

The PRESIDING OFFICER. All time having been yielded back, the clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) for himself Mr. HAYAKAWA, and M. DOMENICI, proposes an unprinted amendment numbered 939 to the amendment proposed by Mr. BAUCUS numbered 938.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the unprinted amendment numbered 938 add the following:

At the end of section 508(c) insert the following:

(2)(A) The Secretary of Health, Education, and Welfare shall not implement the certification program established under section 1882(a) of the Social Security Act with respect to any State unless he makes a finding, based on the study carried out under section 1882(f)(1)(A)(vi) of such Act and information submitted by such State, that such State cannot be expected to have established, by January 1, 1982, a program meeting the requirements of section 1882(c) of the Social Security Act. If the Secretary makes such a finding, and such finding is not disapproved under subparagraph (B), he shall implement such program under section 1882(a) with respect to medicare supplemental policies sold in such State, until such time as such State meets the requirements of section 1882(b) of such Act.

(B)(i) Any finding by the Secretary under subparagraph (A) shall be transmitted in writing to the Senate Committee on Finance and the House of Representatives Committees on Interstate and Foreign Commerce and Ways and Means.

(ii) The findings of the Secretary shall not become effective until 60 days after transmittal of the report to the Congress. In counting such days, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

Amend section 508(a) by amending the text of section 1882(f)(1)(A) of the Social Security Act (as added by section 508(a)) by striking out "and (v) improving price competition" and inserting "(v) improving price competition, and (vi) establishing effective State programs as described in subsection (b)".

Mr. DOLE. Mr. President, I wish to begin by commending my fellow colleagues, the Senator from Florida (Mr. CHILES), the Senator from New Mexico (Mr. DOMENICI) and also the Senator from Montana (Mr. BAUCUS), for the work they have done in bringing the abuses in the sale of medicare supplemental policies to light. I also thank the distinguished Senator from Nebraska (Mr. EXON) for his efforts. He has assisted us in working out a compromise and we appreciate his efforts.

Senator CHILES chaired hearings of the Special Committee on Aging some 18 months ago, during which time the shocking behavior of some unscrupulous agents and insurance companies was cited. Hearings by the House Select Committee on Aging followed shortly thereafter uncovering similar examples of abuse. We heard stories about individuals who were sold 3, 4 and sometimes as many as 10 policies. The media became enchanted with agents in ski masks and hoods who hand mended their "twisting" ways.

A legislative remedy was proposed and is now a part of the social security disability bill before the Senate. That remedy proposes there be a voluntary certification program for medicare supplementary policies; criminal sanctions for agents or companies who misrepresent themselves as an agent of the government or who knowingly sell a duplicate policy, penalties to limit certain mail order sales; and also requires the Secretary of HEW to conduct a comprehensive study of health insurance purchased by the elderly.

I agree with my colleagues completely on the seriousness of this problem. The behavior of some agents and companies is indeed shocking and should be dealt with.

The original amendment agreed to by the Finance Committee, was an attempt to deal with many of the problems identified in these hearings and investigations.

Over the last month countless meetings have been held with representatives of the insurance industry in an attempt to refine the provision agreed upon earlier, and accomodate, to the extent possible, their concerns. The amendment offered today by the Senator from Montana reflects many of the changes recommended and is an improvement over our previous efforts. However, my amendment represents a further attempt to encourage State activity and avoid unnecessary Federal activity.

I suggest that this issue is a matter that certainly deserves attention. It has had the attention of the Senate and the attention of the Finance Committee, and certainly the Special Committee on Aging under the leadership of Senator CHILES and Senator DOMENICI.

We believe we have worked out a compromise that will help control some of the abuses and, at the same time, permit some flexibility.

It is the purpose of my amendment to require that before the Secretary implements the certification program in a State, as outlined in the proposal pending before us, he must make a finding that the State has failed, to establish a program by law or resolution, to regulate medicare supplemental policies.

The Secretary must additionally report his findings to the Congress, which is then given 60 days to review these findings which are based on a study to be completed by July 1, 1981.

I further outline what we mean by 60 days. It is not 60 legislative days. That could be forever. But it is 60 days in session. We used some boilerplate language suggested by the Parliamentarian to further spell that out.

The amendment, as proposed, leaves the rest of the program and time schedule in place.

In offering this amendment, the Senator from Kansas, in no way, wishes to place in doubt his continued belief in the need for stronger regulation of this form of insurance and in no way is this an attempt to unnecssarily stall or otherwise delay activity in this area.

In conversations with a number of insurance commissioners, the desire on the part of many states to resolve these problems through State actions, has become apparent. The Senator from Kansas believes it is in the best interest of this program, and of the medicare beneficiary, to encourage these efforts. My amendment, though placing an emphasis on the State programs, still retains the ability of the Federal Government to proceed if the States fail to meet this goal and thus the medicare beneficiary is assured of action being taken.

UNITED STATES

The Senator from Kansas does not believe all the solutions will fall solely within the appropriate jurisdiction of the Federal Government, nor the insurance industry, nor of the State insurance commissioners. The responsibility for solving the problems with medicare supplementary health insurance must be shared by us all.

The insurance industry itself has begun to address these problems, and they are to be commended for their efforts. Many State insurance commissioners are contributing their thoughts and expertise in helping solve the question of how to prevent abuses in the system while still providing for and encouraging the availability of rational and responsive medicare supplementary health insurance.

My amendment is built upon my belief in this need for a united front.

After countless conversations and meetings of Members of the Senate and, certainly, the staff of Senator BAUCUS, my staff and others, who deserve considerable accolades for their efforts, believe this proposal represents a fair compromise.

CONCLUSION

We, each of us, have a responsibility to the elderly in our communities to protect them against the type of abusive practices that have come to light with respect to the sale of medicare supplementary health insurance. The Senator from Kansas is hopeful that the final legislation agreed upon will assist us in these efforts.

Mr. HAYAKAWA. Mr. President, I too, have been most interested in this amendment and am happy that the distinguished Senator from Kansas (Mr. DOLE) has been able to work this out with the junior Senator from Montana.

I believe this is a good compromise of the two respective positions and it appears that this will resolve the issue satisfactorily. I cannot emphasize enough my concern over the Government's at-

tempt to interfere in the prerogatives and responsibilities of the States. Yet I am concerned too with the protection of consumers from irregular practices. I believe that the compromise worked out by the Senator from Kansas and the junior Senator from Montana adequately meets both my concerns.

I thank the distinguished ranking minority member of the committee for his contribution to this important question.

Mr. President, I am prepared to yield back the remainder of my time on my amendment.

Mr. BAUCUS. Mr. President, I rise to state my agreement with the Senator from Kansas, and to say that I was remiss in not stating earlier that the Senator from Florida (Mr. CHILES), the Senator from Iowa (Mr. CULVER), and the Senator from Kansas were really pioneers here. I am a latecomer to the effort to solve this problem.

I wanted to make sure that those in earshot and those who read the RECORD know that Senator CHILES is one of the foremost pioneers. I thank the Senator for his efforts.

The PRESIDING OFFICER. Is all time yielded back?

Mr. LONG. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (UP No. 939) was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana, as amended.

The amendment (No. 938) was agreed to.

Mr. BAUCUS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that Senator EXON be added as a cosponsor to the Dole amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDATION OF THE GOVERNMENT OF CANADA FOR ITS ACTIONS WITH RESPECT TO CERTAIN U.S. HOSTAGES IN IRAN

Mr. CHILES. Mr. President, I call up Senate Resolution 344 and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 344) commending the Government of Canada for its actions with respect to certain United States citizens in Iran:

Whereas six Americans sought refuge in Tehran after the takeover of the United States Embassy in November 1979;

Whereas the Americans were given refuge by the Canadian Embassy for twelve weeks;

Whereas the whereabouts of these Americans was kept a secret in order to protect the lives of those Americans held at the United States Embassy;

Whereas this action was taken despite the threat this posed to the lives of Canadian Embassy officials;

Whereas Canadian Ambassador Kenneth Taylor acted with particular courage and compassion in seeking the eventual departure of the Americans from Iran; and

Whereas the six Americans have now safely left Iran:

Resolved, That the Senate, on behalf of all Americans, hereby commends the Government of Canada for its actions in protecting certain United States citizens and arranging for their departure from Iran.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that he transmit such copy to the Government of Canada.

Mr. CHILES. Mr. President, this resolution has been cleared. The Committee on Foreign Relations has reported it out of committee, and in a moment I will move for its immediate consideration.

I think I speak for all Americans today when I say a special "thank you" to our neighbor to the north. The decisions that they made and the actions that they took saved the lives of six Americans. The decisions and actions of the Canadian Embassy staff in Iran were taken at great risk to their own lives and safety.

The announcement that the six Americans had managed to leave Iran safely with the aid of the Canadian staff is news of a kind we do not seem to hear much of these days. We are always talking about countries that sort of kick the United States at times. It is very pleasant to see our neighbor take this kind of risk and come to our aid.

I know all Americans are proud of that today and the common heritage we share with our neighbors in Canada, their great love for freedom, their great love for law, their great love for people, being able to decide their own fate in a free and democratic way.

I wanted to take this opportunity to have the Government of the United States express to Canada and to each of the members of the Embassy in Tehran that took this courageous action, our "thank you."

Mr. President, I ask unanimous consent that the following Senators be made cosponsors of the resolution: Messrs. CHURCH, PELL, MCGOVERN, BIDEN, STONE, SARBANES, ZORINSKY, JAVITS, PERCY, HAYAKAWA, GLENN, NUNN, WILLIAMS, EXON, DOMENICI, MATHIAS, ROBERT C. BYRD, STEVENS, ROTH, and DOLE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, will the Senator yield to the Senator from New Mexico?

Mr. CHILES. I yield.

Mr. DOMENICI. Mr. President, I am privileged to be a cosponsor of this resolution. I commend the distinguished Senator from Florida for submitting it and for bringing it to the floor this evening.

A friend in a time of need is a friend indeed. That is an old saying that we do not use frequently any more, but it certainly is applicable to Canada today. It certainly is appropriate that the U.S. Senate indicate to the people of Canada our heartfelt appreciation.

The United States—at least, in the recent past—is not quite sure who its friends are or who its enemies are. We help a great many people, and we are not sure where they stand when we are in a time of need. That has been the case for the last couple of months.

There never has been any doubt where Canada stood. Obviously, for much of that time, when they have stood with us on the Iranian issue, the Afghanistan issue, and others, they also, without any of us knowing, were taking a great risk to do a genuine act of mercy and kindness and decency, directed at our people and particularly the six hostages.

I thank them, as a Senator of the United States. I hope they understand that we genuinely appreciate what they have done with respect to these hostages, as the Senator from Florida has described, and their very significant contributions to our position with reference to the illegal acts that have occurred and the great threats that are occurring in the Middle East.

I thank the Senator from Florida for the privilege of cosponsoring the resolution, and I commend him once again for bringing it to the attention of the Senate and the American people.

Mr. CHILES. I thank the Senator.

Mr. President, I yield to the Senator from Maryland.

Mr. MATHIAS. I thank the Senator from Florida for yielding.

GALLANTRY THAT SHALL NOT BE FORGOTTEN

Mr. President, the gallant and selfless action of Kenneth Taylor, Canadian Ambassador to Iran, and his three colleagues in helping six trapped American diplomats escape from Iran will not soon be forgotten by this Nation.

As the mother of one of the rescued Americans has said: "I'm going to be indebted to Canada for the rest of my life." So shall we all be. This resolution recognizes that debt and should be adopted unanimously.

The Canadian diplomatic service, through these individuals, has made a statement about human dignity and human worth that will reverberate around the globe. It has set an example of courage and discretion that commands the respect and admiration of all those who believe, with the great Persian poet Sa'adi, that:

All Adam's sons are scions of one another.
Each of the same composition as others;
So, while one encounters pain and grief,
The others will find no relief.
You, who are indifferent to another's pain,
Should not be worthy to claim Adam's name.

I am indebted for this translation to Dr. Ibrahim Pourhadi.

I think the words of Sa'adi describe appropriately the gallantry that shall not be forgotten.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. CHILES. I yield to the distinguished Senator from Kansas.

COURAGEOUS CANADIANS

Mr. DOLE. Mr. President, the world has just learned of the courageous actions taken by the Canadian Government and its people through their Embassy officials in Tehran. At considerable risk to themselves, Ambassador Taylor and the other Canadian Embassy officials provided refuge to six officials of the U.S. Embassy escaping the seizure of our Embassy. Though the danger of reprisal—both from the terrorist elements of Iranian society and from the governing authorities in Tehran—was constantly present, these brave people of Canada hid our officials during these past tumultuous weeks.

Then, in a daring ruse and causing great personal danger to themselves, these Canadian officials helped our citizens to escape from Iran using false Canadian passports. Seldom in the annals of recent history has it been more dangerous to be a friend to the United States. Yet, our fellow Americans from across the border acted without hesitation and in disregard for the harmful consequences to themselves in securing the safety and escape of our diplomats.

This great act of courage and friendship inspires the deep appreciation and gratitude of all the people of the United States. Mr. President, the Senator from Kansas believes this resolution, expressing such appreciation, is a timely and appropriate means of extending our thanks to the Government and people of Canada, and in particular to Ambassador Taylor and the officials of the Canadian Embassy in Iran.

Mr. President, we have had some eloquent statements. The Senator from Kansas and all other Senators appreciate the courageous actions taken by the Canadian Government and its people through their embassy officials in Tehran. For that, as the distinguished Senator from Maryland just indicated, they shall not be forgotten.

It indicates again the strength of the friendship that exists, and it is a demonstration that is more than symbolism of the concern of Canadians for human rights. I especially pay tribute to Ambassador Taylor and others directly involved.

I thank the Senator from Florida for his efforts and for permitting me to be a cosponsor of the resolution.

Mr. CHILES. I thank the Senator from Kansas.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. CHILES. I yield to the distinguished Senator from Massachusetts.

Mr. TSONGAS. Mr. President, I commend the Senator from Florida for bringing this resolution before the Senate.

One need only look back over the last couple of years and the issues that have been facing this country, and he can see a systematic withdrawal of our allies from any kind of meaningful support, especially as it reflects upon the lack of support by our "allies" in Europe. This is one of the few instances, beyond what Mrs. Thatcher has done in England, which indicates that there is really a Western alliance that means something.

I commend the Government of Canada; and as an individual, I express my support for what they have done. It makes me proud that I spent my honeymoon in Canada.

Mr. CHILES. I thank the Senator.

Mr. President, I yield to the Senator from Delaware.

Mr. ROTH. I thank the distinguished Senator from Florida.

Mr. President, I, too, commend the Senator from Florida for submitting a Resolution of Appreciation to the Government and people of our great friend to the north, Canada, for having given sanctuary to six American diplomats who had escaped from the occupied American Embassy in Tehran, and for having arranged for their dangerous exit from Iran and return to safety in the United States.

The relations between the United States and Canada have from the births of our two countries been as close and friendly as any in the world. We have the longest undefended common border in the world. We share a common tradition and history. We have gone to war together, shoulder to shoulder against common enemies.

But, Mr. President, nothing has dramatized the closeness of the relationship more than the decision taken unhesitatingly by a special session of the Canadian Cabinet to grant the American diplomats refuge in the Canadian Embasy in Tehran and to spirit them out of the country at the first opportunity.

The decision to protect and rescue the Americans placed at great risk the lives of Canadian diplomats in Tehran and made inevitable the closing of the Canadian Embassy there.

For weeks, the staff of the Canadian Embassy lived in fear that the presence of the Americans would be discovered by Iranian authorities and that retribution would certainly ensue. The men and women of the Canadian Embassy exhibited courage and steadfastness that deserves our highest admiration and gratitude.

We owe a special debt of gratitude to the Canadian Ambassador, Mr. Kenneth Taylor, who actively participated in a number of efforts to free our hostages in the American Embassy while all the time harboring U.S. diplomats in his own Embassy. Ambassador Taylor's courage and nerveless performance is in the highest tradition of diplomatic service. We are indeed fortunate to have such a friend.

Mr. President, the Iranian Foreign Minister has had the gall to accuse the Canadian Government of lawlessness in rescuing our citizens. In aiding and abetting the terrorist occupation of the American Embassy in Tehran, the so-called Government of Iran placed itself beyond the pale of civilized behavior. Having itself placed our chargé d'affaires, Bruce Laingen, under arrest despite his diplomatic immunity, the Iranian authorities are in no position to demand adherence to international law.

Having seen no evidence that the self-proclaimed Government of Iran was prepared to adhere to international norms, the Canadian Government courageously and wisely decided that the safety of human beings took precedence over the desires of the Iranian authorities. We thank them deeply for that decision.

Should the Iranian authorities want to use the escape of the Americans from the Canadian Embassy as an excuse to punish the hostages for alleged spy activities, they should reconsider now. They should be under no illusion that the American Government and people will sit by twiddling their thumbs while our fellow citizens are harmed.

If on the other hand, the newly elected Government in Iran is sincere in its desire to resolve whatever disputes or complaints it has against us, it should begin by releasing immediately the remaining hostages in Tehran. There can be no justification for their continued incarceration.

Once the hostages are released, we would be prepared to seek ways to resolve whatever differences there may be between us.

The choice is theirs. We sincerely hope that it will be the right one.

Mr. WILLIAMS. Mr. President, I am sure my colleagues were as deeply moved as I last night to discover that six American diplomats were able to escape from Iran with the help of our good friends and allies in the Canadian Embassy in Tehran.

By now the news of their escape from the besieged American Embassy is well known and the accounts of their 3-month refuge in the Canadian Embassy well publicized.

At a time like this I find it hard to express the warm gratitude and deep emotion which this event has sparked. I can only imagine how the families of those six Americans feel today. As the news about the Canadian-American effort spread across the country last night there was a spontaneous outpouring of appreciation, not only from U.S. officials but from people all over the Nation. This appreciation is, I believe, heightened by the sense of isolation and concern we have all felt in recent days over the difficulty we have faced as a Nation in obtaining agreement and support from our allies to counter the ongoing hostage situation in Iran and the Soviet aggression in Afghanistan. With our country under this kind of pressure the heroic support of Canadian officials and the Canadian Government, which would have been spectacular under any circumstances, has become an even greater symbol of cooperation and support.

Last night's news of the Americans' escape was brought home to me when I learned that one of the people to safely arrive in Canada was Cora Amburn Lijeck, whose parents live in New Jersey. I know the Amburn family has been most anxious about their daughter's safe return, and I share their sense of relief that she is home at last.

Our faith in our traditional alliance and our mutual values have been af-

firmed many times over today because of the Canadian success in protecting the lives of our citizens. I am sure I speak for my colleagues in the Senate when I express our deep and abiding gratitude for the brave efforts of the Canadian officials who risked their lives to help bring those six Americans home.

Therefore, Mr. President, I am most honored to join in sponsoring the resolution before the Senate commending Canada for the valiant actions of its officials to save our citizens in Iran.

Mr. CHURCH. Mr. President, the Senate Foreign Relations Committee this morning approved a resolution, introduced in the Senate by the distinguished Senator from Florida, Mr. CHILES, commending the Government of Canada for its heroic actions in behalf of our diplomatic personnel in Iran.

At considerable personal risk to himself and his staff, the Canadian Ambassador in Tehran, Kenneth Taylor, gave sanctuary to six Americans who managed to slip away from the American Embassy compound as it was being seized by student militants on November 4.

With the approval and cooperation of the Canadian Government, Ambassador Taylor ultimately aided these six Americans to make good their escape from Iran even though his action required the Government of Canada to close down its diplomatic mission in the Iranian capital.

Few actions in recent history demonstrate the underlying friendship and goodwill which characterize relations between the United States and our Canadian neighbors. In this instance, Canada has taken a stand which not only reinforces the long-standing affection between our two countries but stands as a shining example to the entire world of civilized courtesy and human decency in the face of flagrant breaches of international law.

This resolution was approved by the Senate Foreign Relations Committee by a vote of 12 to 1 and I urge its speedy passage by the Senate.

Mr. CHILES. Mr. President, I note in the newspapers today a statement by the Foreign Minister of Iran expressing his great disapproval of the act taken by the Canadians. In fact, he told Canada that "It will pay." I believe that by this resolution, we are telling Canada, "We owe you." We are delighted because of the courage of Ambassador Taylor and his entire staff.

Mr. President, I ask for the immediate consideration of the resolution.

The PRESIDING OFFICER. Without objection, the resolution is considered and agreed to, and the preamble is agreed to.

DISPUTE RESOLUTION ACT

Mr. FORD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 423.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 423) entitled "An Act to promote commerce by establishing a national goal for the development and maintenance of effective, fair, inexpensive, and expeditious mechanisms for the resolution of consumer controversies, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

SHORT TITLE

SECTION 1. This act may be cited as the "Dispute Resolution Act".

SEC. 2. (a) The Congress finds and declares that—

(1) for the majority of Americans, mechanisms for the resolution of minor disputes are largely unavailable, inaccessible, ineffective, expensive, or unfair;

(2) the inadequacies of dispute resolution mechanisms in the United States have resulted in dissatisfaction and many types of inadequately resolved grievances and disputes;

(3) each individual dispute, such as that between neighbors, a consumer and seller, and a landlord and tenant, for which adequate resolution mechanisms do not exist may be of relatively small social or economic magnitude, but taken collectively such disputes are of enormous social and economic consequence;

(4) there is a lack of necessary resources or expertise in many areas of the Nation to develop new or improved consumer dispute resolution mechanisms, neighborhood dispute resolution mechanisms, and other necessary dispute resolution mechanisms;

(5) the inadequacy of dispute resolution mechanisms throughout the United States is contrary to the general welfare of the people;

(6) neighborhood, local, or community based dispute resolution mechanisms can provide and promote expeditious, inexpensive, equitable, and voluntary resolution of disputes, as well as serve as models for other dispute resolution mechanisms; and

(7) the utilization of neighborhood, local, or community resources, including volunteers (and particularly senior citizens) and available building space such as space in public facilities, can provide for accessible, cost-effective resolution of minor disputes.

(b) It is the purpose of this Act to assist the States and other interested parties in providing to all persons convenient access to dispute resolution mechanisms which are effective, fair, inexpensive, and expeditious.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "Advisory Board" means the Dispute Resolution Advisory Board established under section 7(a);

(2) the term "Attorney General" means the Attorney General of the United States (or the designee of the Attorney General of the United States);

(3) the term "Center" means the Dispute Resolution Resource Center established under section 6(a);

(4) the term "dispute resolution mechanism" means—

(A) a court with jurisdiction over minor disputes;

(B) a forum which provides for arbitration, mediation, conciliation, or a similar procedure, which is available to resolve a minor dispute; or

(C) a governmental agency or mechanism with the objective of resolving minor disputes;

(5) the term "grant recipient" means any State or local government, any State or local governmental agency, and any nonprofit organization which receives a grant under section 8;

(6) the term "local" means of or pertaining to any political subdivision of a State; and

(7) the term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, or any of the territories and possessions of the United States.

CRITERIA FOR DISPUTE RESOLUTION MECHANISMS

SEC. 4. Any grant recipient which desires to use any financial assistance received under this Act in connection with establishing or maintaining a dispute resolution mechanism shall provide satisfactory assurances to the Attorney General that the dispute resolution mechanism will provide for—

(1) assistance to persons using the dispute resolution mechanism;

(2) the resolution of disputes at times and locations which are convenient to persons the dispute resolution mechanism is intended to serve;

(3) adequate arrangements for participation by persons who are limited by language barriers or other disabilities;

(4) reasonable, fair, and readily understandable forms, rules, and procedures, which shall include, where appropriate, those which would—

(A) ensure that all parties to a dispute are directly involved in the resolution of the dispute, and that the resolution is adequately implemented;

(B) promote, where feasible, the voluntary resolution of disputes (including the resolution of disputes by the parties before resorting to the dispute resolution mechanism established by the grant recipient);

(C) promote the resolution of disputes by persons not ordinarily involved in the judicial system;

(D) provide an easy way for any person to determine the proper name in which, and the proper procedure by which, any person may be made a party to a dispute resolution proceding;

(E) permit the use of dispute resolution mechanisms by the business community if State law so permits; and

(F) ensure reasonable privacy protection for individuals involved in the dispute resolution process;

(5) the dissemination of information relating to the availability, location, and use of other redress mechanisms in the event that dispute resolution efforts fail or the dispute involved does not come within the jurisdiction of the dispute resolution mechanism;

(6) consultation and cooperation with the community and with governmental agencies; and

(7) the establishment of programs or procedures for effectively, economically, and appropriately communicating to disputants the availability and location of the dispute resolution mechanism.

DEVELOPMENT OF DISPUTE RESOLUTION MECHANISMS BY STATES

SEC. 5. Each State is hereby encouraged to develop—

(1) sufficient numbers and types of readily available dispute resolution mechanisms which meet the criteria established in section 4; and

(2) a public information program which effectively communicates to potential users the availability and location of such dispute resolution mechanisms.

ESTABLISHMENT OF PROGRAM; DISPUTE RESOLUTION RESOURCE CENTER

SEC. 6. (a) The Attorney General shall establish a Dispute Resolution Program in the Department of Justice. Such program shall include establishment of a Dispute Resolution Resource Center and a Dispute Resolution Advisory Board and the provision of financial assistance uner section 8.

(b) The Center—

(1) shall serve as a national clearinghouse for the exchange of information concerning the improvement of existing dispute resolu-

tion mechanisms and the establishment of new dispute resolution mechanisms;

(2) shall provide technical assistance to State and local governments and to grant recipients to improve existing dispute resolution mechanisms and to establish new dispute resolution mechanisms;

(3) shall conduct research relating to the improvement of existing dispute resolution mechanisms and to the establishment of new dispute resolution mechanisms, and shall encourage the development of new dispute resolution mechanisms;

(4) shall undertake comprehensive surveys of the various State and local governmental dispute resolution mechanisms and major privately operated dispute resolution mechanisms in the States, which shall determine—

(A) the nature, number, and location of dispute resolution mechanisms in each State;

(B) the annual expenditure and operating authority for each such mechanism;

(C) the existence of any program for informing the potential users of the availability of each such mechanism;

(D) an assessment of the present use of, and projected demand for, the services offered by each such mechanism; and

(E) other relevant data relating to the types of disputes addressed by each such mechanism including the average cost and time expended in resolving various types of disputes;

(5) shall identify, after consultation with the Advisory Board, those dispute resolution mechanisms or aspects thereof which—

(A) are most fair, expeditious, and inexpensive to all parties in the resolution of disputes; and

(B) are suitable for general adoption;

(6) shall make recommendations, after consultation with the Advisory Board, regarding the need for new or improved dispute resolution mechanisms and similar mechanisms;

(7) shall identify, after consultation with the Advisory Board, the types of minor disputes which are most amenable to resolution through specific dispute resolution techniques, in order to assist the Attorney General in determining the types of projects which shall receive financial assistance under section 8;

(8) shall, as soon as practicable after the date of the enactment of this Act, undertake an information program to advise potential grant recipients, and the chief executive officer, attorney general, and chief judicial officer of each State, of the availability of funds, and eligibility requirements, under this Act;

(9) may make grants to, or enter into contracts with, to the extent or in such amounts as are provided in appropriation Acts, public agencies, institutions of higher education, and qualified persons to conduct research, demonstrations, or special projects designed to carry out the provisions of paragraphs (1) through (7); and

(10) in awarding such grants and entering into such contracts, shall have as one of its major priorities dispute resolution mechanisms that resolve consumer disputes.

(c) Upon request of the Center, the Community Relations Service of the Department of Justice and the Federal Mediation and Conciliation Service are authorized to assist the Center in performing its functions under this section.

(d) Upon the request of the Attorney General, not more than a total of ten Federal employees from the various executive agencies (as defined in section 105 of title 5, United States Code) may be detailed to the Center to assist the Center to perform its functions under this Act. The head of any such agency, with the consent of the employee concerned, may enter into an agreement with the Attorney General to provide for the detail of any employee of his agency for a period of not more than five years, notwithstanding the time limitation contained in section 3341 of title 5, United States Code. An employee detailed under this section is considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits, an employee of the agency from which detailed. Such employee is entitled to pay, allowances, and other benefits from funds availabe to the agency from which such employee is detailed, except that the Department of Justice shall pay to such employee all travel expenses and allowances payable for services performed during the detail.

DISPUTE RESOLUTION ADVISORY BOARD

SEC. 7. (a) The Attorney General shall establish a Dispute Resolution Advisory Board in the Department of Justice.

(b) The Advisory Board shall—

(1) advise the Attorney General with respect to the administration of the Center under section 6 and the administration of the financial assistance program under section 8;

(2) consult with the Center in accordance with the provisions of section 6(b)(5), section 6(b)(6), and section 6(b)(7); and

(3) consult with the Attorney General in accordance with the provisions of sections 8(b)(4) and 9(d).

(c)(1) The Advisory Board shall consist of nine members appointed by the Attorney General, and shall be composed of persons from State governments, local governments, business organizations, the academic or research community, neighborhood organizations, community organizations, consumer organizations, the legal profession, and State courts.

(2) A vacancy in the Advisory Board shall be filled in the same manner as the original appointment.

(3)(A) Except as provided in subparagraph (B), members of the Advisory Board shall be appointed for terms which expire at the end of September 30, 1984.

(B) Any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of the term.

(d) While away from their homes or regular places of business in the performance of services for the Advisory Board, members of the Advisory Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code. The members of the Advisory Board shall receive no compensation for their services except as provided in this subsection.

(e) The Chairman of the Federal Trade Commission may advise and consult with the Attorney General, and may consult with the Center, regarding matters within its jurisdiction.

FINANCIAL ASSISTANCE

SEC. 8. (a) The Attorney General may provide financial assistance in the form of grants to applicants who have submitted, in accordance with subsection (c), applications for the purpose of improving existing dispute resolution mechanisms or establishing new dispute resolution mechanisms.

(b) As soon as practicable after the date of the enactment of this Act, the Attorney General shall prescribe—

(1) the form and content of applications for financial assistance to be submitted in accordance with subsection (c);

(2) the time schedule for submission of such applications;

(3) the procedures for approval of such applications, and for notification to each State of financial assistance awarded to applicants in the State for any fiscal year;

(4) after consultation with the Advisory Board, the specific criteria for awarding grants to applicants under this section, which shall—

(A) be consistent with the criteria established in section 4;

(B) take into account—

(i) the population and population density of the States in which applicants for financial assistance available under this section are located;

(ii) the financial need of States and localities in which such applicants are located;

(iii) the need in the State or locality involved for the type of dispute resolution mechanism proposed;

(iv) the national need for experience with the type of dispute resolution mechanism proposed; and

(v) the need for obtaining experience in each region of the Nation with dispute resolution mechanisms in a diversity of situations, including rural, suburban, and urban situations; and

(C) provide that one of the major priorities of the Attorney General shall be the funding of dispute resolution mechanisms that resolve consumer disputes;

(5)(A) the form and content of such reports to be filed under this section as may be reasonably necessary to monitor compliance with the requirements of this Act and to evaluate the effectiveness of projects funded under this Act; and

(B) the procedures to be followed by the Attorney General in reviewing such reports;

(6) the manner in which financial assistance received under this section may be used, consistent with the purposes specified in subsection (e); and

(7) procedures for publishing in the Federal Register a notice and summary of approved applications.

(c) Any State or local government, State or local governmental agency, or nonprofit organization shall be eligible to receive a grant for financial assistance under this section. Any such entity which desires to receive a grant under this section may submit an application to the Attorney General in accordance with the specific criteria established by the Attorney General under subsection (b)(4). Such application shall—

(1) set forth a proposed plan demonstrating the manner in which the financial assistance will be used—

(A) to establish a new dispute resolution mechanism which satisfies the criteria specified in section 4; or

(B) to improve an existing dispute resolution mechanism in order to bring such mechanism into compliance with such criteria;

(2) set forth the types of disputes to be resolved by the dispute resolution mechanism;

(3) identify the person responsible for administering the project set forth in the application;

(4) include an estimate of the cost of the proposed project;

(5) provide for the establishment of fiscal controls and fund accounting of Federal financial assistance received under this Act;

(6) provide for the submission of reports in such form and containing such information as the Attorney General may require under subsection (b)(5)(A);

(7) set forth the nature and extent of participation of interested parties, including representatives of those individuals whose disputes are to be resolved by the mechanism, in the development of the application; and

(8) describe the qualifications, period of service, and duties of persons who will be charged with resolving or assisting in the resolution of disputes.

(d) The Attorney General, in determining whether to approve any application for financial assistance to carry out a project under this section, shall give special consid-

eration to projects which are likely to continue in operation after expiration of the grant made by the Attorney General.

(e) (1) Financial assistance available under this section may be used only for the following purposes—

(A) compensation of personnel engaged in the administration, adjudication, conciliation, or settlement of minor disputes, including personnel whose function is to assist in the preparation and resolution of claims and the collection of judgments;

(B) recruiting, organizing, training, and educating personnel described in subparagraph (A);

(C) improvement or leasing of buildings, rooms, and other facilities and equipment and leasing or purchase of vehicles needed to improve the settlement of minor disputes;

(D) continuing monitoring and study of the mechanisms and settlement procedures employed in the resolution of minor disputes in a State;

(E) research and development of effective fair, inexpensive, and expeditious mechanisms and procedures for the resolution of minor disputes;

(F) sponsoring programs of nonprofit organizations to carry out any of the provisions of this paragraph; and

(G) other necessary expenditures directly related to the operation of new or improved dispute resolution mechanisms.

(2) Financial assistance available under this section may not be used for the compensation of attorneys for the representation of disputants or claimants or for otherwise providing assistance in any adversary capacity.

(f) (1) In the case of an application for financial assistance under this section submitted by a local government or governmental agency, the Attorney General shall furnish notice of such application to the chief executive officer, attorney general, and chief judicial officer of the State in which such applicant is located at least thirty days before the approval of such application. The chief executive officer, attorney general, and chief judicial officer of the State shall be given an opportunity to submit written comments to the Attorney General regarding such application and the Attorney General shall take such comments into consideration in determining whether to approve such application.

(2) In the case of an application for financial assistance under this section submitted by a nonprofit organization, the Attorney General shall furnish notice of such application to the chief executive officer, attorney general, and chief judicial officer of the State in which the applicant is located and to the chief executive officers of the units of general local government in which such applicant is located at least thirty days before the approval of such application. The chief executive officer, attorney general, and chief judicial officer of the State, and the chief executive officers of the units of general local government shall be given an opportunity to submit written comments to the Attorney General regarding such application and the Attorney General shall take such comments into consideration in determining whether to approve such application.

(g) (1) Upon the approval of an application by the Attorney General under this section, the Attorney General shall disburse to the grant recipient involved such portion of the estimated cost of the approved project as the Attorney General considers appropriate, except that the amount of such disbursement shall be subject to the provisions of paragraph (2).

(2) The Federal share of the estimated cost of any project approved under this section shall not exceed—

(A) 100 per centum of the estimated cost of the project, for the first and second fiscal years for which funds are available for grants under this section;

(B) 75 per centum of the estimated cost of the project, for the third fiscal year for which funds are available for such grants; and

(C) 60 per centum of the estimated cost of the project, for the fourth fiscal year for which funds are available for such grants.

(3) Payments made under this subsection may be made in installments, in advance, or by way of reimbursement, with necessary adjudgments on account of underpayment or overpayment. Such payments shall not be used to compensate for any administrative expense incurred in submitting an application for a grant under this section.

(4) In the case of any State or local government, or State or local governmental agency, which desires to receive financial assistance under this section, such government or agency may not receive any such financial assistance for any fiscal year if its expenditure of non-Federal funds for other than nonrecurrent expenditures for the establishment and administration of dispute resolution mechanisms will be less than its expenditure for such purposes in the preceding fiscal year, unless the Attorney General determines that a reduction in expenditures is reasonable.

(h) Whenever the Attorney General, after giving reasonable notice and opportunity for hearing to any grant recipient, finds that the project for which such grant was received no longer complies with the provisions of this Act, or with the relevant application as approved by the Attorney General, the Attorney General shall notify such grant recipient of such findings and no further payments may be made to such grant recipient by the Attorney General until the Attorney General is satisfied that such noncompliance has been, or promptly will be, corrected. The Attorney General may authorize the continuance of payments with respect to any program pursuant to this Act which is being carried out by such grant recipient and which is not involved in the noncompliance.

(i) The Attorney General, to the extent or in such amounts as are provided in appropriation Acts shall enter into a contract for an independent study of the Dispute Resolution Program. The study shall evaluate the performance of such program and determine its effectiveness in carrying out the purpose of this Act. The study shall contain such recommendations for additional legislation as may be appropriate, and shall include recommendations concerning the continuation or termination of the Dispute Resolution Program. Not later than April 1, 1984, the Attorney General shall make public and submit to each House of the Congress a report of the results of the study.

(j) No funds for assistance available under this section shall be expended until one year after the date of the enactment of this Act.

RECORDS; AUDIT; ANNUAL REPORT

SEC. 9. (a) Each grant recipient shall keep such records as the Attorney General shall require, including records which fully disclose the amount and disposition by such grant recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, the amount of that portion of the project or undertaking supplied by other sources, and such other sources, and such other records as will assist in effective financial and performance audits.

(b) The Attorney General shall have access for purposes of audit and examination to any relevant books, documents, papers, and records of grant recipients. The authority of the Attorney General under this subsection is restricted to compiling information necessary to the filing of the annual report required under this section. No information revealed to the Attorney General pursuant to such audit and examination about an individual or business which has utilized the dispute resolution mechanism of a grant recipient may be used in, or disclosed for, any administrative, civil, or criminal action or investigation against the individual or business except in an action or investigation arising out of and directly related to the program being audited and examined.

(c) The Comptroller General of the United States, or any duly authorized representatives of the Comptroller General, shall have access to any relevant books, documents, papers, and records of grant recipients until the expiration of three years after the final year of the recipient of any financial assistance under this Act, for the purpose of financial and performance audits and examination.

(d) The Attorney General, in consultation with the Advisory Board shall submit to the President and the Congress not later than one year after the date of the enactment of this Act, and on or before February 1 of each succeeding year, a report relating to the administration of this Act during the preceding fiscal year. Such report shall include—

(1) a list of all grants awarded;

(2) a summary of any actions undertaken in accordance with section 8(h);

(3) a listing of the projects undertaken during such fiscal year and the types of other dispute resolution mechanisms which are being created, and, to the extent feasible, a statement as to the success of all mechanisms in achieving the purpose of this Act;

(4) the results of financial and performance audits conducted under this section; and

(5) an evaluation of the effectiveness of the Center in implementing this Act, including a detailed analysis of the extent to which the purpose of this Act has been achieved, together with recommendations with respect to whether and when the program should be terminated and any recommendations for additional legislation or other action.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. (a) To carry out the provisions of section 6 and section 7, there is authorized, to be appropriated to the Attorney General $1,000,000 for each of the fiscal years 1980, 1981, 1982, 1983, and 1984.

(b) To carry out the provisions of section 8, there is authorized to be appropriated to the Attorney General $10,000,000 for each of the fiscal years, 1981, 1982, 1983, and 1984.

(c) Sums appropriated under this section are authorized to remain available until expended.

Amend the title so as to read: "An Act to provide financial assistance for the development and maintenance of effective, fair, inexpensive, and expeditious mechanisms for the resolution of minor disputes.".

Mr. FORD. Mr. President, on February 9, 1979, I introduced S. 423, the Dispute Resolution Act. This legislation, which was cosponsored by Senators KENNEDY, DANFORTH, BAYH, and METZENBAUM, was unanimously accepted in the Senate in April and had passed the Senate in the last two Congresses as well. Therefore, I am pleased that the House has adopted S. 423 in substantially the same form as was passed by this body last April.

As chairman of the Consumer Subcommittee, I have been deeply concerned by the numerous serious problems that consumers have brought to my attention which too often cannot be appropriately resolved due to the lack of adequate

dispute-resolution mechanisms. The hearings that were held by the Senate Committee on Commerce, Science, and Transportation on similar legislation have demonstrated the need for alternative forms for the resolution of consumer disputes. Throughout the course of deliberations on this measure, we have seen that frustration and alienation is prevalent among citizens whose legitimate grievances go unresolved for want of readily available means, other than formal legal processes, for their adjudication. Through enactment of the Dispute Resolution Act the Congress will provide a well-reasoned response to this national problem.

The value of this legislation lies in its recognition that dispute resolution is a dynamic process which must be fashioned according to the needs and desires of grant recipients rather than in response to strict federally imposed guidelines. There can be little doubt that the creation of a national clearinghouse for technical information and assistance, coupled with a meaningful grant funding program, will spur State and local governments and nonprofit organizations to improve existing programs and experiment with new ideas to address the problem of resolving minor disputes.

The genesis of this legislation was the various studies of small claims courts undertaken early in this decade. In particular, the 1973 study of the National Institute for Consumer Justice documented the inadequacies of many existing procedures for resolving disputes arising out of consumer transactions. Although this legislation has undergone substantial transformation since it was originally introduced, I am very pleased that the House-adopted version contains a provision requiring that a major funding priority be mechanisms designed for the resolution of consumer disputes. There can be no doubt that the frequency and severity of consumer complaints fully justifies particular attention being directed to their resolution. Furthermore, I am confident that businesses will support this most appropriate focus of concern since unresolved disputes are most often reflected in a loss of subsequent business from the consumer.

The measure has received widespread support from the administration and diverse organizations which represent the States' judiciary, the legal profession, the business community, consumers and other segments of society.

The Dispute Resolution Act is most worthy of our favorable consideration. Attainment of the goal of increasing access to and the quality of justice for all citizens is, at least in part, at hand through the enactment of this measure. The need is great and the burdens for all affected by the legislation are minimal. I, therefore, urge support for S. 423, as amended.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement on the Dispute Resolution Act by Senator KENNEDY.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR KENNEDY

I am pleased that Congress has passed the Dispute Resolution Act of 1979, which I cosponsored earlier this year with my distinguished colleague from Kentucky, Senator Ford.

Enactment of this legislation by the Congress marks the culmination of years of effort and commitment by this body as well as outside private and public interest groups to provide a vehicle to relieve the American people of the Hobson's choice between forfeiting their rights or bringing their minor disputes to overburdened courts for interminable litigation.

Our colleagues, who have ensured the passage of the Dispute Resolution Act, should be proud of this achievement. We should also acknowledge our debt to former Attorney General Bell, Daniel Meador, and others at the Department of Justice, the American Bar Association, and the Chamber of Commerce all of whom strongly supported and assisted in the passage of this legislation.

Our action today is, most importantly, an achievement for the American people for whom securing justice has become an arduous effort which taxes their patience, their hope, and their finances. Complex procedures, disproportionate expenses, and long delays have chilled the expression of a fundamental right of all our citizens—the right of access to justice to resolve their disputes. Nothing is more spirit-breaking than having a dispute ripe for airing and consistently meeting only frustration when seeking a forum. Our action today is a signal to the American people that the doors of justice shall no longer be closed and that their faith and hope for an equitable resolution to their disputes may be renewed.

S. 423, is a recognition by the Congress of the inabilities of the present judicial system to provide justice for a majority of the American people. It is a recognition that, while no wrong should be without a remedy, not all cases need judges, not all disputes need courtrooms, and not all disputants need lawyers. It is a recognition of our responsibility to assist States, localities, and groups in designing innovative mechanisms that meet their special needs and which will make access to justice a reality rather than a hollow promise. The act will encourage groups, individuals, local court systems, and State agencies to experiment with the idea that alternatives to litigation are at times better suited for resolving daily disputes among citizens.

This act will establish the dispute resolution resource center which will provide a centralized administrative and research facility for the establishment of alternatives to traditional courtroom methods of resolving controversies. The resource center will be a national clearinghouse for valuable information and technical expertise for those who wish to establish alternatives to courtroom litigation. The greatest benefit of the clearinghouse will be that it is an in-place source to be called upon. It will not undermine existing programs, but will encourage the establishment of these important alternatives to litigation across the country.

10 million dollars will be provided to States, localities, and non-profit organizations through the Dispute Resolution Act, to improve existing programs and to establish new ones. This grant program will not replace State funding, but rather it will serve as an incentive for experimentation and improvement of dispute resolution mechanisms at the State and local level. The Dispute Resolution Act specifically provides for a gradual decrease in Federal funding and the States, ultimately, will be responsible for ensuring that only successful projects are continued.

Our action today in passing the Dispute Resolution Act sounds a new beginning. Through the commitment of my colleagues, on both sides of the aisle, meaningful justice provided in a fair, efficient, inexpensive, and expeditious manner will be a reality for all Americans. The demonstrated need of the American people for this act has been so central and so critical, and our action today ensures that they will not now have to settle for less.

Mr. FORD. Mr. President, I move that the Senate concur in the House amendments.

Mr. HAYAKAWA. There is no objection.

Mr. FORD. Mr. President, we had checked with the minority, and they had no objection. I should have made that statement at the beginning. The members of the Committee on the Judiciary and the Committee on Commerce agreed to this unanimous-consent request.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

WHO HAS TIME TO THINK?

Mr. MATHIAS. Mr. President, when I first came to Congress some years ago, my wife and I continued to live on our farm near Frederick, Md. That entailed a trip every day of 50 miles, which took somewhat over an hour each way.

From time to time, people would say, "Well, how can you spend more than 2 hours a day commuting?" Members of my staff would wince visibly when I would reply to that question by saying, "It is the only time during the day I have to think. It is the only time during the day that I think."

Now that I no longer live at that distance and have less time to commute, I often miss that quiet period in the early morning, when the Sun was bright and the Earth was fresh and my mind was clear, in which to meditate on the duties that the day would bring as soon as I had arrived on Capitol Hill.

This was recalled to my memory by an article that I wish to bring to my colleagues' attention in the November/December 1979 Public Administration Review, an article entitled "The Limitations of Muddling Through: Does Anyone in Washington Really Think Anymore?"

It addresses intelligently and sympathetically the problem we all face: Not having time to think.

We all put in 12 to 18 hour days that leave us panting. Whatever creativity and wisdom we have is fragmented by the incessant demands made upon our time—all legitimate perhaps individually, but, taken together, devastating and debilitating. This is not good for us and certainly not good for the people we represent.

This article speaks to our condition. We ought all take time to close out the cacophony of Washington for a moment and read it. And then to ask ourselves: Is this the best way to serve the Nation?

Mr. President, I ask unanimous consent that the text of this thoughtful

article by Bruce Adams be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE LIMITATIONS OF MUDDLING THROUGH: DOES ANYONE IN WASHINGTON REALLY THINK ANYMORE?

Twenty years ago, Charles E. Lindblom made a major contribution to the public administration literature by describing a common sense, incremental approach to problem solving. By making a virtue of what he determined to be a necessity, Lindblom recognized some of the very real limitations in policy formulation and relieved the collective conscience of a generation of policy analysts and political decision makers.

While much of what Lindblom wrote continues to be valuable today, the limitations of his thesis (which he conceded to be many but failed to delineate at any length) deserve serious attention. The primary danger, of course, is that the legitimate process that he described will be misused by those who are not fully aware of its limitations. Lindblom's incremental approach is appropriate for certain people in various circumstances but not for everyone always. The purpose of this article is to consider the nature of the political decision-making process in Washington in 1979, 20 years after the publication of Lindblom's classic article, with special attention on the limitations of muddling through in an increasingly complex political environment.

WHAT IS THE LIFE OF A TOP OFFICIAL LIKE?

Washington in 1979 is much like the world of the Red Queen in Lewis Carroll's Through the Looking Glass. As the Queen explained to Alice: "Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Members of Congress, Cabinet officers, assistant secretaries, White House staff, and special assistants spend most of their days racing from one meeting to the next as their in-boxes and phone messages pile up.

Just recently, we have as evidence Elizabeth Drew's Senator. In March, The New York Times Magazine chronicled a routine day in the life of Secretary of State Cyrus Vance—up at 5 a.m., in the office before 7, over 40 meetings and phone calls before departing for home at 7:16 p.m. In February, The Washington Monthly described a "hypothetical but realistic" schedule for a secretary of a major domestic department. The secretary's three-by-five schedule card had 15 entries, beginning with a breakfast meeting and ending with an embassy cocktail party. There is, of course, some hype to these stories, both on the part of the subjects and the authors, but there is no denying the essential accuracy of the portrait of busyness that they paint.

There is usually one thing missing from the three-by-five schedule cards that rule the lives of these busy people. There is no time to think very deeply or broadly about anything. The busy work drives out the time for reflection. The ability to take time to identify priorities and develop coherent strategies to carry them out is limited. Former HEW Secretary Joseph Califano had a poster on his office wall with a quotation from Thoreau: "It is not enough to be busy . . . the question is: what are we busy about?" It is a question that our top government officials have all too little time to ponder.

In 1977, a special House commission chaired by Representative David Obey (D.-Wisc.) reported that: "Rarely do Members have sufficient blocks of time when they are free from the frenetic pace of the Washington 'treadmill' to think about the implications of various public politics." The Obey Commission found that in an average 11-hour day, a House member has only 11 minutes to read. Eileen Shanahan, an HEW assistant secretary for the first two and one half years of the Carter administration, says, "I used to make people at HEW laugh out loud by saying that I longed for the orderly pace and intellectual depth of daily journalism. Only I meant it!"

When Alfred Kahn was named chief inflation fighter he shocked the Washington press corps by announcing that he wanted "to reverse the Washington pressures that I've been receiving—the pressures to act now and think later." The Washington Post ran a headline that could only have seemed notable in Washington: "Kahn to Think Over Inflation Issue." Months later, when asked if he has been successful at reversing the Washington pressures, Kahn flaty responds: "No, of course not."

WHY DOES IT HAPPEN?

In Washington, the urgent drives out the important. The short term demands on the top policy maker are staggering. In a very real sense, our top public officials in Congress and the exclusive branch become the prisoners of others. Their calendars are controlled by someone else, and their days are dominated by the demands of others—people fill their in-boxes with paper and phone messages, their calendars are clogged with meetings ceremonial and otherwise.

This is especially bad for those who administer agencies or who deal frequently with Congress. According to Patricia Wald, who recently left her position as assistant attorney general for legislative affairs to become a federal appeals judge: "It is not possible to set your own schedule. You can try, but you have to be ready to junk your whole schedule and go to whatever the crisis is. I literally come in in the morning with a list of things to do and the whole day goes off in a different direction."

It is tempting to believe that most of this is merely people acting self important, but most of the busyness is genuine. The large majority of the claims on the top official's time are at least somewhat legitimate when looked at on a case-by-case basis. All of them are important to somebody. And there is usually a political price to pay for each request that is denied. But the tyranny of the clock is real, and the cumulative impact of the demands is intolerable.

It should not be surprising that the time demands on government officials are so numerous and come from so many sources. It is that way by design in our democracy with its carefully established system of checks and balances where power is shared by numerous institutions. In addition to the demands of running a major bureaucracy, a Cabinet secretary, for example, has to respond to the Congress, the White House, the press, interest groups, and other agencies and governments.

The sheer size of government causes enormous management and ceremonial demands. There are more programs at HEW, for example, than there are days in the year. It takes time to ensure internal agency communication and due process, but they are essential to maintaining staff morale and effectiveness. Real crises do occur and must be dealt with. Public policy development is much tougher in an era of rapid change in technology and society than it once was. The press—which can make officials appear better or worse than they are—wants hard answers on short deadlines. The substantive and ceremonial demands of other officials and groups that can help or hurt an official's program must be taken seriously.

And Herbert Kaufman of The Brookings Institution points out that "buried in the details and seeming triviality are matters with real policy implications." For top officials, "life consists of watching the smallest details as well as the largest," according to Stanley Surrey, an assistant secretary for tax policy at Treasury during the Kennedy and Johnson years.

While the legitimate work demands are large, there is a significant degree of foolishness involved as well. Unfortunately, because power in Washington often has as much to do with symbols and appearance as with substance and reality, much of the foolishness is necessary as a means of enhancing or maintaining power. Protocol often prefers a high ranking official to an informed one. Washington is a town where assistant secretaries have been known to cancel meetings when a peer has the audacity to send a deputy. It is a town where people usually do not sign what they write and do not write what they sign. The worst workaholic sets the pace in each office. Those who work less or fail to attend Saturday meetings lose influence.

Secretary of State Vance is a good example of a victim of the protocol trap. Vance said that he would not travel as much as Kissinger, but, of course, he is constantly on the move. Why? Other countries pay serious attention to the level of representation they receive. If Vance sends a deputy to a NATO conference, for example, rumors fly through Europe and around the world that the U.S. has downgraded NATO.

Congressional committee chairmen want Cabinet secretaries to testify even when assistant secretaries may be better informed on the subject of the hearing. Why? The Cabinet secretaries tend to attract media attention and they satisfy the chairmen's feelings of being part of a co-equal branch of government. The congressional demand might not always be reasonable, but the price of refusing is often too high.

But these top officials are not just the prisoners of others, many of them are also prisoners of their own egos and senses of responsibility. The official reads that peers in other agencies are working long hours, and he or she comes to like the image of being busy and exercising real authority.

Staying on the move and working long hours give the official a sense of self-importance and often a sense of indispensability. Getting VIP treatment for giving a speech in Las Vegas or holding a press conference in Washington provides ego gratifications that serious reflection can not match for many. Solving short term crises can be exhilarating, fulfilling the childhood desire to play fireman. "Part of the evil of the thing is that it's all so fascinating," according to Senator Charles Mathias (R.-Md.).

A large part of the problem relates to what Joseph Bower of the Harvard Business School calls the "myth of the good manager," the person who knows everything and does everything. The conscientious government official is reluctant to delegate, to let go of anything that might be of some importance. This is especially true because of the initial lack of familiarity that political appointees have with most of their colleagues and the career civil servants. Just about the time a comfortable relationship has developed, the political executive is often getting ready to return to private life.

Alan Campbell, Director of the Office of Personnel Management (OPM), points to the "fishbowl character of what you do and therefore the need to really be careful that you are not signing off on something which could be on the front page of The Post or The Times the next morning." Former HEW Secretary Califano was skewered in the press for signing a job description for a cook that was less than forthcoming about the duties of the job. At the time, he felt it was not worth the 30 minutes to rewrite it. He felt differently soon after

To the official, the in-box and the calen-

dar become escapes, the paths of least resistance. When frustrated with tough, long term problems, the official, consciously or not, can turn to the immediate and achieve some gratification. The permanent bureaucracy is perfectly willing to add to the foolishness by clogging he official's in-box and calendar with items of border-line significance so that the official has no time to take any serious action that might threaten the status quo.

In time, the official can lose track of priorities. And this is where a conscientious official could be lulled into complacency by Lindblom's theory of incrementalism. Contrary to Thoreau's sage advice, it often seems that in Washington it is enough to be busy. It does not always matter much what you are busy about. In jobs where it is difficult to measure the quality of output, the quantity of input can become a substitute. The very first question on newly installed White House Chief of Staff Hamilton Jordan's ill-conceived evaluation form for top Carter administration officials asked when the person being evaluated arrived at and left work. While it is easy to be busy, it is much more difficult to be productive.

Campbell suggests that the business "may have more to do with early toilet training than it has to do with the objective situation in the job." Perhaps HEW Secretary Patricia Harris said it best when asked to account for the frantic pace of some of her Cabinet colleagues: "there is something about the male machismo that says that you have to work 20 hours a day." And Carter's macho appointees are not all male.

DOES IT MATTER?

Lindblom and his fellow theorists of incrementalism have made a virtue of muddling through, but there are serious drawbacks to the reactive style of management that buries officials with the immediate to the exclusion of the important. A passage from Lewis Carroll's "Alice's Adventures in Wonderland" makes the point:

"Would you tell me, please, which way I ought to go from here?" [asked Alice]

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where . . .", said Alice.

"Then it doesn't matter which way you go," said the Cat.

It is widely accepted that the political dialogue of the day is intellectually bankrupt. The political consensus of the New Deal is shattered. Nothing has replaced it. The forces of negativism have progressive forces on the defensive. The country is in transition, but it is, like Alice, not sure where it is going. It needs a new articulation of national purpose and the appropriate role of government. As HEW Secretary Harris has pointed out, the intellectual community, as the traditional idea initiator in our society, bears a heavy burden for this paucity of positive new approaches. The country needs thinkers in government as well.

As long as our ablest public officials are tied up with the bureaucratic red tape and overwhelmed by their in-boxes and their three-by-five schedule cards, there is little hope that government will provide the visionary and creative leadership that our nation so desperately needs. The present system draws all of the best people, even those in policy and planning jobs, into matters of day-to-day strategy and tactics. The price we pay for an excessive focus on the muddling through aspects of governing is large. Government's failure to anticipate problems—the energy and inflation issues are the most obvious—and its seemingly endless reactive and inadequate crisis management have helped to fuel the growing lack of public confidence in government and the growing belief that government cannot deal with our problems. Lindblom points out that long-run considerations need not be omitted in this process, but it is a point that he gives little attention to.

The opportunity for creative reflection is minimal in the present system. Representative Abner Mikva (D-Ill.), one of the most thoughtful and creative members of Congress, is leaving after five terms to become a federal appeals judge. Mikva says he is "looking forward to having the capacity to think about what I am doing before I do it and not just running onto the House floor with my voting card in my hand wondering whether to vote aye or nay."

When we pressed, people in government express a common frustration. "I will try to take an issue like energy, for example, and try to evaluate it and talk about more than just whether we can get gas to a service station dealer in the district," says Representative Leon Panetta (D.-Calif.). "I try to talk about the overall issue and where we are heading and what needs to be done in terms of the country. That is the kind of thing that we should be spending more time on, but we really don't." Arnold Packer, the assistant secretary for policy at Labor, has expressed a similar feeling: "I have this conceptual idea about international economics and U.S. productivity. But there just isn't the creative time to do it, partially because you are just too busy and even if you could put aside the time you are too fatigued."

"Nobody really has a handle on how we move into the future," according to Panetta. What are the issues that in five or ten years we will wish we looked at today? What are the ultimate implications of our move from an industrial society to a service economy? Who is looking at the long term social effects of the telecommunications revolution and other similar aspects of our rapidly changing society?

The fault lies partially with the public and the press. Talking in public about new, untested responses to difficult, long range problems can be dangerous politically. Joseph Duffey, chairman of the National Endowment for the Humanities warns that: "It is hard to think out loud and express your ambivalence too clearly because everything you say has a certain symbolic attachment to it." One who spoke forthrightly about energy policy a few years ago, for example, might not be around today.

Some of the most thoughtful public officials admit that they have no time to develop new ideas but say they are working off intellectual capital built before coming into government. This is hardly comforting. In addition to the fact that not everyone can retire to a tenured position in an ivory tower, new problems arise that demand new solutions. Today's remedies are out of date tomorrow. Constant innovation is needed to avoid constant crisis. Henry Kissinger might have brought a world view into government, but it became increasingly difficult to understand what principles guided him in later years. As new problems arose, Kissinger's answers seemed sloppier and sloppier.

A system that runs people ragged for 12 to 18 hours a day shortens their perspectives and squeezes out their creativity and imagination. They reach the point of diminishing returns. They become stale and lose their receptivity to new ideas and insights. They mouth yesterday's truths and lose touch with their goals and values. They often face the choice between being an effective public servant and leading a sane family life. "Public life in this country has gotten to the point where people who are engaged in it are driven," according to Senator Mathias. "And I think that's bad. I think the public will pay in the quality of service they get."

When everything is instinctive, officials lose their ability to think broadly and deeply about fundamental national problems. They work longer and longer and think worse and worse. The question before them is not: "what is the best policy for the nation?," but rather: "what is the best policy I can come up with by Tuesday that Congress would take seriously?" When pressed for time, they seek out the easiest information available, the first historical analogy that comes to mind, the most obvious alternatives. There is little time for hard critical analysis and little opportunity to think about the long term consequences and the potential for implementation of the ideas they do come up with. They burn out and leave, or, worse, they burn out and stay.

The problem appears to be that while most of the demands on the time of these officials are at least somewhat legitimate, the cumulative impact is intolerable. If this is so, the problem will not be solved until the officials take one step back from the frantic pace of everyday life to look at the whole of their lives and think through a few basic questions:

What is this doing to me as a human being?

What are my relevant goals and value?

What three things do I really want to accomplish?

Where should government be in this area in five years?

While Lindblom is correct in pointing out that one cannot always maximize one's values and inquire deeply and broadly into everything, thinking about questions like these occasionally is not frivolous. Unless the officials have some idea of the answers to them, as the Cat told Alice, it really does not matter what they do in the short term.

This does not mean that the top 100 government officials should be detailed to Walden Pond to commune with the ghost of Thoreau. It does not even mean that they should block out periods of time during the week just for "thinking great thoughts." Pity the poor secretary who would have to answer the phone with: "I am sorry, Mr. President, he is thinking today." Admittedly, inspirations and insights often come in flashes, and one can get them as easily in the shower or while jogging as in meditation.

Public officials can and must build into their lives time to think through their goals, time to work on their priorities, and time for themselves and their families. Compared to these higher needs, much of what top officials do is trivial. Without a system of fairly rigid rules built into their everday life, however, officials will have a difficult time saying "no" to even the most marginal demands on their time. Officials need rules and incentives that force priority issues and long range thought into their in-boxes and onto their three-by-five schedule cards. This will force them to make harder choices among the day-to-day routine requests that now dominate their lives. Obviously, these rules must not be so rigid and comprehensive that they choke off spontaneity.

It takes self-confidence, judgment, and discipline to say that what is important to you is more important than what the world brings you in your in-box. Yet, it is this strong sense of purpose that is the essence of leadership. One has to understand the importance of this and have the will and discipline to do it.

Elliot Richardson, who has held four Cabinet posts, says that "perhaps the most valuable single thing that a person can have to protect himself from being overwhelmed by detail is what you might call a sense of the terrain or what the map as a whole looks like. And even though you may get stuck for a while in some impassible swamp, there is no reason that you should come to believe that the swamp is all there is." Richardson says that he never has learned to say "no" to demands on his time very well but that

"the first thing you have to learn is the necessity of it."

Obviously, different people have different temperaments and different job responsibilities. Some are pure incrementalists with no inclination for priority setting or long range thought. Others are intellectuals from the academic world who thrive on reflection. Some are good in face-to-face give and take; others work better alone and with memoranda. Of course, a Cabinet secretary has more control over his or her life than a special assistant. An assistant secretary for policy has more time for long range thought than the head of a line agency or a congressional relations office. With top government officials who span the spectrum, no single set of techniques apply to all. People who are not inclined to be reflective, will not be; but for those who want to fight the system, a shopping list of strategies—what Stephen Hess of The Brookings Institution calls "survival techniques"—from which different people can select different items seems like the most useful approach. Some are comprehensive approaches. Others are small games that people play on themselves that may seem trivial to others. They are for the most part neither spectacular nor glamorous; many would fit well in a book of techniques for muddling through. Each is helping or has helped someone fight the Washington pressures against reflection. Hopefully, they could help others.

People who have spent time around Elliot Richardson describe a role they identify as the "strategic thinker," a disciplined manager of time who periodically takes the time to decide priorities, to think through strategy, and to make his or her calendar reflect these priorities. This person recognizes that there are only a small number of major changes that one can accomplish in the limited time one is in government. The strategic thinker devotes time to identifying and implementing those changes and thinking about how the various parts of the operation relate to the overall goals.

"Leadership," according to Richardson, "is a function of the establishment of goals which in turn necessitate the sacrifice of alternatives." So the strategic thinker does not fall victim to the "myth of the good manager." He or she does not try to know everything and do everything. This requires a self-confidence that recognizes that no one is indispensable and a humility that recognizes the limitations of what any single individual can do. Benjamin Heineman, assistant secretary for planning at HEW, says that "you have to have a sense of what you want to leave because an awful lot of it is ephemeral. . . . I would rather do five things reasonably well than be at every meeting or be involved in every issue." The way a top official uses time is the most important signal to others of what he or she really thinks is important.

This, of course, is exactly the ground on which James Fallows, in his *Atlantic* articles, criticizes President Carter, the ultimate clean desk man. "Carter's problem is not that he doesn't think," according to another Carter appointee. "His problem is that he doesn't choose."

Federal Trade Commission Chairman Michael Pertschuk quickly learned the danger of trying to do too much with limited resources. Pertschuk explains that in his early months at the FTC "staff were always coming up with cases and rule proposals and everyone of them had some merit. Suddenly I realized that if I kept voting for all of these complaints and rules, none of them would get done. . . . So I got to be, in effect, part of the conservative majority of the commission in terms of saying 'no' to things that are valid." According to Pertschuk this requires "some modest sense of institutional humility that is not characteristic of liberals."

In addition to recognizing the need not to overburden staff, it is important to reverse the pressure to siphon off all of the best people on short term, hot issues. HEW's Heineman points out that: "What you have to do in a planning office is build in a capability for people to do some longer range thinking even if someone sitting in this particular job has a hard time doing it." The head person must establish the appropriate incentives as well as the capacity for long range thought and careful attention to priority issues. However, while high quality staff is an essential element in solving the problems of time, it can have the opposite effect as well. Senator Daniel Moynihan (D.-N.Y.) recently observed that, after a point, "increased assistance begins to defeat its purposes by consuming the very time and energy it was supposed to free up."

Even with a good sense of priorities, the daily demands on top officials are such that "it is not ordinarily possible to do serious, original, conceptual, long term work in government," according to Richard Darman, an assistant secretary for policy at Commerce during the Ford administration. The task, according to Darman and others, is, in the words of Simon Lazarus of President Carter's Domestic Policy Staff, "to plug into the best thinking that there is in the private world and try to put it into effect." The best recent example of this, according to Lazarus, is the Carter administration's development of its civil service reform package. Under the supervision of Alan Campbell, hundreds of experts and interested parties were involved in a highly publicized process of task forces that helped develop and build support for the reform package. The effort was notable for its success and also for the administration's inability to use it as successfully on other high priority issues.

In a town where the in-box rules, the trick is to get out ahead of issues so that the in-box is filled with issues the official cares about. Former HEW Secretary John Gardner consciously used "a policy of self entrapment." When he wanted to think deeply and broadly about a subject, he would make a commitment to give a speech or write an article on the topic. As the due date would draw near, with his credibility on the line, he would demand time to work on it. The marginal and the trivial would have to stand aside.

The Carter administration uses the Presidential Review Memorandum (PRM) in an effort to get policy development into the in-box. The memoranda package views and recommendations of various agencies on important domestic and foreign policy issues. One participant in the PRM process admits that "not a hell of a lot of new thought" has resulted but points out that it has "some value by focusing you on where you are going."

Elliot Richardson established a new management system at HEW in the early 1970s designed to allow him to focus his time on policy making in priority issues rather than in reacting to a series of small issues raised by others. The heart of the process was a master calendar that coordinated planning and program activities with the budget process, a refinement of management techniques that had been tried before in Washington. Richardson conveyed his priorities at the beginning of the process and received an orderly flow of information that reflected those priorities.

Other less ambitious but highly useful priority setting devices can be used. Former Treasury Assistant Secretary Stanley Surrey would set aside a weekend at the start of each year to sketch out an agenda for the upcoming year. Former Commerce Assistant Secretary Darman had a chart of over 100 issues with 10 or 20 marked as top priority issues. He would review and update it each week. These may not sound like revolutionary ideas; they are not meant to. But they did provide their authors with a counterforce to the sky-is-falling mentality that raises daily trivial affairs to the status of legitimate crises.

FTC Chairman Pertschuk takes his senior staff on a weekend retreat every six months to discuss commission priorities. Joseph Nye, deputy undersecretary of State for nonproliferation during the first two years of the Carter administration, scheduled small, informal planning sessions every few weeks. They would give him an excuse to prepare a short memorandum for the discussion which would usually involve a series of items that did not have to be dealt with immediately.

Robert Kennedy would open his office to a broad range of people outside normal channels as a way of seeking out different points of view. Inflation fighter Kahn likens himself to a "blotter," constantly reaching out to new people and for new ideas, recording the ideas in a notebook, and occasionally taking the time to go through the notebook to compose a memorandum of opportunities for the president.

Carter deserves credit for adding former Time editor-in-chief Hedley Donovan to his senior staff as a means of providing him with contacts with the world of ideas. Hopefully, Donovan will keep the president well supplied with people (and ideas) off of the Washington path who will challenge him in ways that Hamilton Jordan and Jody Powell cannot be expected to.

Samuel Huntington, a former top aide to National Security Advisor Zbigniew Brzezinski, says that for anyone advising the president, it is not only important but possible to "set aside several hours a week for study and reflection to think hard about issues and to gain a deeper understanding." It simply must be done. John McNaughton, as assistant secretary of Defense under Robert McNamara, used a small traffic light to protect this kind of time for himself. A green light meant that he could be disturbed; an orange light meant that he was working on something important but could be disturbed for something urgent; and a red light meant that he did not want to be disturbed unless he had summoned the person. While at HUD, HEW Secretary Harris got to work early and insisted on being left alone to work at her desk for an hour and one half each morning when she is fresh. Harris admits that "most of the rest of the time I am fighting" the clock.

In Washington, however, the unorthodox is usually the first to go when the schedule gets tight. Assistant Attorney General Philip Heyman recently brought a number of academics to Washington to spend the day with him and his staff to discuss organized crime. Heyman says this type of session is rare because "the evidence is that it gets pushed out of the way by the immense number of middle level matters" that his criminal division must deal with. As he spoke, Heyman had five documents red tagged "urgent and important" on his desk and a constantly ringing phone.

To counter the tendency to cut out the unorthodox, officials would be well served by adopting strict decision rules that scheduled periodic retreats well staffed in advance, monthly long range staff planning sessions, or lunches with creative people they do not have to talk with in their normal routine. These sessions should be made priorities over all other than genuine emergencies.

Congress is easily one of the heaviest time eaters of the political executive's daily schedule, but Congress can also be part of the solution. Timely oversight or foresight hearings on high priority issues can help put those issues in the in-box and on the schedule card.

Congress's own use of time could be much

improved. At present, as former Representative Michael Harrington (D-Mass.) has pointed out, "the rewards all run to the reactive." Creativity and thought are undertaken at one's political peril. By ridding themselves of much of what Harrington calls the "nonessential garbage" that clutters the congressional calendar—the routine annual authorizations and frequent quorum calls—members of Congress could free time for serious attention to long term, high priority issues.

Former Representative Ned Pattison (D.-N.Y.) proposed a three-month moratorium on legislative activity at the end of the first year of each Congress. Pattison proposed that the period be used for concentrated oversight and foresight to educate members in areas of fundamental national concern. Undoubtedly, media cynics would play it as a three-month holiday, political cartoonists would have a field day, and members in marginal districts would rush home to campaign, but the need for something like this is clear. A less dramatic approach proposed by Pattison would be to devote one Wednesday each month to the effort, banning legislative activity on the floor and in committees. In recent years, Harvard's Institute of Politics has hosted newly-elected members of Congress for a series of seminars. There is no reason to believe that more senior members would not profit from some of the same.

Nevertheless, thinking great thoughts and heading off potential crises are not the be-all and end-all of life. As President Carter wrote in a memorandum to top officials at the start of his Administration: "I'm concerned about the family lives of all of you. I want you to spend an adequate amount of time with your husbands, wives, and children . . . you will be more valuable to me and to the country with rest and a stable home life."

When they have the time, Carter officials have been known to sit around and laugh about that memo . . . and moan a little as well. Even though he has not done much to follow up, the president was absolutely correct. The most elementary psychology text can tell you that stress is only good to a point and that at some point after that performance and attitudes, not to speak of marriages, go to hell. When the tobacco industry, upset with former HEW Secretary Califano's anti-smoking drive, printed "Califano Is Dangerous to My Health" bumper stickers, several of his top aides promptly put them on their office walls.

People must block out time to preserve their human dignity and their relations with their families. Time out of the office and out of Washington doing things unrelated to work is the key to avoid being ruined by the system. Here again, rigid rules can help the official battle against the trivial. Former State Department official Nye made a simple but important pledge when he went into government: he would eat dinner with his wife and children every night. It made for some late family dinners and often four meals a day for the children, but it established an important counter pressure that helped him decide to go home rather than prepare one more marginal cable.

Senator Mathias somewhat longingly tells about former Senator William Borah (R-Idaho) who rode horseback in Rock Creek Park every morning until 11:00. "Think about what a good thing that was," says Mathias. "Not only for Senator Borah and for his horse but for the country. There is no time better to think out complex problems than when you are doing something like riding a horse or walking or some exercise that has your blood moving through your brain and at the same time is not occupying all of your attention." Senator Mathias has no illusions about a return to the days of Senator Borah's morning rides, but he does argue eloquently for the need for government officials to get away from their daily grind and find time for exercise and relaxation.

In the hothouse atmosphere of Washington, even so basic a form of relaxation and stimulation as reading is often ignored. Reading is the way many get insights and perspectives. It should not be suspended upon entrance into the federal government although it often is. FTC Chairman Pertschuk is an exception. He takes off the entire month of August each year for reading, reflection, and relaxation. In 1977, he worked his way through a heavy program of anti-trust literature. In 1978, he read more broadly. The reading of history, economics, literature, and philosophy when combined with experience in the real world can help the government official bring broad humanistic values to bear on matters of public policy.

The problem with taking time for one's self and family is, of course, that one might have to forego a measure of short term influence or effectiveness. To his or her peers, the persons might appear to be lazy or, perhaps worse, a dilettante. But the cost of being a follower, of going along with the peer pressure to grind one's self into the ground is ultimately much greater. The truly self confident, creative person does not need to be in every meeting and involved in every issue. A modicum of none-conformity in this regard would pay large dividends.

WHY ISN'T SOMEONE WORRYING ABOUT THIS?

We have come a long way since the time when President Coolidge napped afternoons in the White House and Senator Borah rode horseback in Rock Creek Park. The complexity of public problems has increased exponentially. Life in the top positions of government is going to be rough for any conscientious public servant. At a minimum, it is going to be a long string of 10 and 12 hour days. There is no way to change that.

It is demonstrably true, however, that too many of our best public officials are chewing up their lives and those of their families on matters that will seem trivial just weeks or months or years from now, on what former Solicitor General and Watergate Special Prosecutor Archibald Cox calls "pressures of the here and now that are of a very small and unimportant realm." Locked into a patterned routine, these officials are not doing themselves any good, and they are not doing their government all that much good either. By running themselves ragged on a series of marginal, short run issues and problems, they are failing to anticipate potential problems, design creative approaches, and help define a new vision for America.

The problem, of course, is not limited to government. Those in the top of our major private institutions suffer from many of the same difficulties. Nor, apparently, is it either ideological or uniquely American. This summer, *The Economist* wrote of the new Tory ministers in Britain that "the thorny problems in some in-trays are tempting some to rush their fences."

So why isn't someone worried about this? The press does not take it very seriously—limiting attention to day-in-the-life-of-X stories and telling us about the marriages Joe Califano was crushing at HEW. These stories are always either funny or tragic, but they seldom provide serious analysis of the problem. Public policy schools have not done enough to focus attention on the problem or to train prospective government officials in ways to cope with it, admits Graham Allison, dean of the Kennedy School of Government at Harvard. Alan Campbell is the president's personnel director and one of the brightest stars of the Carter administration, but he does not see this problem as a responsibility of his office. "That doesn't mean I shouldn't," says Campbell. "But we really haven't spent any time on it. We worry about alcoholism and things like that." The 20th anniversary of Lindblom's important article marks an appropriate time for renewed interest on the part of leading public administrators both inside and outside of government on the strengths and limitations of various techniques of policy-making.

ADDRESS BY SENATOR EDWARD M. KENNEDY

Mr. TSONGAS. Mr. President, on Monday the senior Senator from Massachusetts, Senator KENNEDY, spoke at Georgetown University.

I ask unanimous consent that the address by Senator Kennedy at that time be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR EDWARD M. KENNEDY

Five days ago President Carter announced a doctrine—a doctrine that would define the area of the Persian Gulf as an American vital interest and that could commit the American people to military intervention in defense of this area.

The question that requires careful consideration is what does this Carter Doctrine mean for the world—and for our own country.

Many Americans feel that once the President of the United States has made an assessment and set a course, the rest of us should stand silent in the ranks even if we have a different view of the national interest. That is not the lesson of our liberty—or the heritage of our history.

Forty years ago, when the Nazis swept across the Low Countries and France, a far more urgent threat to our security, there was no suspension of the public debate—or the presidential campaign. If we could discuss foreign policy frankly when Hitler's panzers were poised at the English Channel, surely we can discuss foreign policy when the Soviet Union has crossed the border of Afghanistan.

If the Vietnam war taught us anything, it is precisely that when we do not debate our foreign policy, we may drift into deeper trouble. If a President's policy is right, debate will strengthen the national consensus. If it is wrong, debate may save the country from catastrophe.

So I make no apology for raising questions about the Carter Doctrine. The exercise of dissent is the essence of democracy. Whether we are citizens or candidates, we have not only the right but the obligation to deal with issues that may shape—or shatter—our future.

All of us condemn the brutal Soviet invasion of Afghanistan. This wanton act of aggression has aroused the conscience of America—and of all the world. It must be met with an appropriate response by the United States and all our allies.

But is this really the gravest threat to peace since World War II? Is it a graver threat than the Berlin Blockade, the Korean War, the Soviet march into Hungary and Czechoslovakia, the Berlin Wall, the Cuban Missile Crisis, or Vietnam? Exaggeration and hyperbole are the enemies of sensible foreign policy.

In fact, the Russians have dominated Afghanistan not for four weeks, but for 22 months. Years ago, Afghanistan passed under Soviet influence. It passed behind the Iron Curtain, not in 1980, but in 1978, with hardly a word of regret from the Carter Administration. When two Marxist regimes in Kabul failed to put down Afghan resistance,

the Russians decided to install a third regime and to put down the insurgency themselves. Afghanistan, as they saw it, was slipping away.

President Carter confessed that he was "surprised" by their action. For many months, the Administration had ignored the warning signals. The American Ambassador to Afghanistan was killed in Kabul last February while Soviet military advisers looked on. We were aware well in advance that the Russians were massing their forces. But the Administration said virtually nothing until after the invasion, when they drew a line in the dust that was already rising from the tread of Soviet tanks.

The Carter Doctrine offers defense contractors a bright future of expansion and profit. But the middle class, the blue-collar workers, minorities, and every victim of discrimination by race or sex or age—they all face the bleak prospect of higher taxes, higher interest rates and higher inflation. The young will pay a further cost in registering for the draft. And, as the President's budget makes clear, programs of social benefit and justice will once again be postponed. If the principle of sacrifice is to prevail, let it apply as well to the oil companies and all the other elements of the military—industrial complex.

Last week, we heard a State of the Union message that left behind the problems this President was elected to resolve. The Administration, but not the nation, has turned away from those problems and from the people who live with them every day—people out of work or about to lose their jobs, families who cannot buy a home, parents who cannot send sons and daughters to college, the sick who cannot pay their bills for health and the elderly who must now choose between heat in their apartments and food on their tables.

When the unity of our present fear fades, when the crowds stop cheering and the bands stop playing, someone has to speak for all the Americans who were ignored in the state of the Union address.

It is their Union too—and the state of their lives deserves to be addressed.

If my candidacy means anything, it means a commitment to stand and speak for them. So let me tell you what we did not hear from the President last week: Inflation will continue. Unemployment will go up. Energy prices will rise to even higher levels. The cost of home heating oil has soared to 95 cents a gallon; and now we discover that Exxon has registered the first four billion dollar profit in the entire history of industrial corporations.

And these domestic concerns are not merely matters of social justice; they are also at the center of our foreign crisis. Iran and Afghanistan demonstrate a fundamental truth of the American condition. We are perilously dependent on OPEC oil.

A house weakened in its own foundation cannot stand. Unless we put our energy house in order, our strength and credibility will continue to fall; the world will grow steadily more dangerous for our country and our interests.

The Carter Administration has accepted our petroleum paralysis. They talk of sacrifice—but it is an unequal sacrifice founded on unfair prices that bring hardship to our people. The President's decision to decontrol the price of oil will cost the average family a thousand dollars each year throughout the decade of the 1980's. We all remember the Democratic presidential candidate in 1972, whose campaign was assailed because he proposed assistance of a thousand dollars a year for every person in poverty. How then are we to regard a Democratic President in 1980, who wants to do the opposite, who wants to take a thousand dollars a year from every family and transfer it to the oil conglomerates?

We must cure our addiction to foreign oil.

Not only does the administration claim we face the gravest crisis since World War II, they also claim they are making hard decisions to meet that crisis. Long before Afghanistan, they proposed a stand-by gasoline rationing plan—and that all they propose today. The time for a stand-by plan is over. The time for a stand-up plan is now.

We must adopt a system of gasoline rationing without delay—not rationing by price, as the Administration has decreed, but rationing by supply in a way that demands a fair sacrifice from all Americans.

I am certain that Americans in every city, town, and village of this country are prepared to sacrifice for energy security. President Carter may take us to the edge of war in the Persian Gulf. But he will not ask us to end our dependence on oil from the Persian Gulf. I am sure that every American would prefer to sacrifice a little gasoline rather than shedding American blood to defend OPEC pipelines in the Middle East.

America should be not only a powerful military force, but a continuing force for arms control. We should not hesitate to stand for human rights, including the most basic of all human rights—the right to survive and to live in peace, free from the fear of nuclear war.

Nor does a regional crisis justifiy a reflex decision to spend many billions more on defense systems that have no relevance. Afghanistan highlights the necessity for improving our conventional forces and increasing our military readiness, but it is hardly an excuse for haste on nuclear weapons like the M–X missile. Needless weapons drain the resources to pay for needed ones.

Above all else, we must realize that symbols are no substitute for strength. And in the State of the Union message President Carter offered a new symbol. He requested funds for computer runs to register young Americans for the draft. He said this step could "meet future mobilization needs rapidly, if they arise." But draftees, who take six months to train, would be a very slow deployment force. Registration now would save only 13 days in the event of mobilization. If registration and the draft were essential in a real emergency, there would be no dissent from me or most Americans. But I oppose registration when it only means reams of computer print-outs that would be a paper curtain against Soviet troops. If the President wants a peacetime draft, he should say so. But I oppose the peacetime draft—and I also oppose the President's plan for registration—which is the first step in that direction. We should not have taken this step across the threshold of Cold War II. We should not be moving toward the brink of sending another generation of the young to die for the failures of the old in foreign policy.

Exaggerated dangers and empty symbols will not resolve a foreign crisis. It is less than a year since the Vienna Summit, when President Carter kissed President Brehznev on the cheek. We cannot afford a foreign policy based on the pangs of unrequited love.

In the same spirit of realism, we must deal with the crisis in Iran. It is now 86 days since our diplomats and our embassy were seized. We cannot afford a policy that seems headed for a situation of permanent hostages. The time has come to speak the truth again: This is a crisis that never should have happened. In the clearest terms, the Administration was warned that the admission of the Shah would provoke retaliation in Tehran. President Carter considered those warnings and rejected them in secret. He accepted the dubious medical judgment of one doctor that the Shah could be treated only in the United States. Had he made different decisions, the Shah would doubtless still be in Mexico, and our diplomats would still be going about their business in Tehran.

The Administration continues to call for economic sanctions. I oppose them. They will only propel Iran toward the Soviet orbit. They will do nothing to free the hostages. Eighty-six days is enough. It is time to bring the hostages home. The Administration should now support a United Nations commission to investigate Iranian grievances, similar to earlier commissions on other countries. The commission on Iran should be established immediately, but it should begin its work only after every American hostage has come back safely to our shores. Let no one doubt that America will never yield to blackmail, and that harm to even a single hostage will bring swift retaliation. But let no one doubt that America is ready for a negotiated solution to this impasse.

The 1980 election should not be a plebiscite on the Ayatollah or Afghanistan. The real question is whether America can risk four more years of uncertain policy and certain crisis—of an Administration that tells us to rally around their failures—of an inconsistent non-policy that may confront us with a stark choice between retreat and war. These issues must be debated in this campaign.

The silence that has descended across foreign policy has also stifled the debate on other essential issues. The political process has been held hostage here at home as surely as our diplomats abroad. Before we permit Brehznev and Khomeini to pick our President, we should pause to ask who will pay the price.

Afghanistan is 7,000 miles away. Only 90 miles from our shores Moscow had already seen a Carter line that did not hold. Last fall, the President said Soviet combat troops in Cuba were unacceptable. But soon he changed his mind. He charged up the hill—and then charged back down.

Theodore Roosevelt once warned: "Don't bluster, don't flourish your revolver, and never draw unless you intend to shoot."

The false draw in Cuba may have invited the Soviet invasion of Afghanistan.

This is a real crisis, but it is also part of the recurrent condition that has periodically disturbed the peace for a third of a century. It must be countered. But it must not become so consuming that we lose sight of more vital interests. For example, this nation has an important stake in the independence of Yugoslavia. If President Tito were to die while we were preoccupied in the Persian Gulf, the Soviets could be tempted to launch an attack on Yugoslavia—a country that President Carter as a candidate declared he would not defend.

A measured response to the potential threat in the Persian Gulf must reflect certain principles that will prove less hazardous and more effective than a unilateral and unlimited American commitment.

First, this is not just our problem. It is a greater problem for nations that have a greater dependence on Middle East oil. We must seek their views and act in concert. We cannot impose policies on NATO and Japan; but together, we can set a common policy. This is even truer of the Islamic states, the countries that could be most menaced by Soviet adventurism. It is impractical to rely on a doctrine that requires us to stand astride the Persian Gulf solely on our own.

Second, we must not discount condemnation of Soviet aggression by the international community. This is important, but not because the Russians are moved by world opinion. They are not. It is important because the Soviet Union now finds itself estranged from the Third World—a result that will gravely handicap the Russians in lands they have previously regarded as their private hunting ground. This reaction runs deep in the Moslem world, where Arab nationalism and Moslem religious feeling can become a powerful force against Soviet ambition.

Third, American naval and air forces should be strengthened in the area. We must recognize, however, that such forces alone cannot secure control of a great land mass. But an enlarged presence, including carefully selected military facilities, could have a deterrent effect on the calculations of the Kremlin. And with our allies, we should increase military aid to nations that may have to face the Soviet threat.

Fourth, the greater threat to these nations is often internal decay and subversion, not external aggression. Military aid is not enough. We must also provide economic assistance and political support. Saudi Arabia and its neighbors must be strengthened against subversion from the PLO and other Soviet surrogates. And we must help Pakistan help the million refugees who are pouring across the border from Afghanistan.

Fifth, mutual assistance must be mutual. In return for strengthening their defense, the oil producing states should assure a more certain oil supply at reasonable prices. We should negotiate an arrangement that enhances both their national security and the energy security of NATO, Japan, and the Third World.

Sixth, we must not over-react to the present crisis in ways that undermine the security of Israel. That democracy is our most stable and dependable ally in the Middle East. We must not barter the freedom and future of Israel for a barrel of oil—or in a foolish effort to align the Moslem world with us, whatever the cost. Indeed, Egypt and Israel together already constitute a bulwark against Soviet expansion—and the cornerstone of the wider alliance we must seek.

Even as we take these steps, even as we express our abhorrence of the aggression in Afghanistan, let us not foreclose every opening to the Soviet Union. This is not the first abuse of Soviet power, nor will it be the last. And it must not become the end of the world. Ten months after the Cuban missile crisis—a far greater threat to American security than Afghanistan—the United States Senate ratified the nuclear test ban treaty by an overwhelming vote. The task of statesmanship is to convince the Russians that there is reason for fear, but also reason for hope, in their relations with the United States.

Just as energy insecurity weakens our national security, so inflation weakens our position in the world. Our goods have been priced out of the international marketplace. The value of the dollar has plummeted.

The numbers have nearly lost their capacity to shock. Twelve straight months of inflation over 10 percent. Wild gyrations in the price of gold. Interest rates at 15 percent. Unemployment at 6 percent. And now recession is just around the corner.

The fact is, America did not elect Gerald Ford in 1976. But under a Democratic administration, we have had three more years of Republican inflation, three more years of Republican interest rates, and three more years of Republican economics.

As a candidate, President Carter taunted President Ford in 1976 because the misery index—the sum of the inflation rate and the unemployment rate—had reached a level of 13 percent. Today that index stands at 19 percent.

These statistics are familiar. But one new fact sums up all the current chaos in our economy. The President who promised a balanced budget as a candidate four years ago now proposes a budget with a deficit of $16 billion for the coming year. If you do a little arithmetic, if you take this new deficit and add it to other Carter deficits of the past three years, you will discover an extraordinary thing—the total federal deficit during the Carter Administration will go down in the economic record book as the largest deficit of any presidential term in the history of America.

During this campaign, I have called for long-term steps to combat the fundamental causes of inflation—to foster more competition, more investment, and more productivity in our industry, and more emphasis on our foreign trade. They are obvious measures—measures that must be adopted now if we are to succeed in righting our capsized economy.

Potentially one of the most important short term weapons against inflation is voluntary restraint. But President Carter has hardly touched that weapon. He waited 21 months to set guidelines on wages and prices. And inflation is actually worse since his guidelines were put in place than it was before. The Administration's anti-inflation policy has the same credibility with major corporations that the Administration's foreign policy has with the Soviet Union.

The time has come for a frank admission that under this President, the voluntary guidelines have run their course and failed.

Inflation is out of control. There is only one recourse: the President should impose an immediate six month freeze on inflation—followed by mandatory controls as long as necessary, across the board—not only on prices and wages, but also on profits, dividends, interest rates, and rent.

The only way to stop inflation is to stop it in its tracks. Only then can we break the psychology of inflation that runs through every aspect of our economy and erodes our power in the world.

Today, I reaffirm my candidacy for the Presidency of the United States. I intend to stay the course. I believe we must not permit the dream of social progress to be shattered by those whose promises have failed. We cannot permit the Democratic Party to remain captive to those who have been so confused about its ideals.

I am committed to this campaign because I am committed to those ideals.

I am committed to an America where the many who are handicapped, the minority who are not white and the majority who are women will not suffer from injustice, where the Equal Rights Amendment will be ratified, and where equal pay and opportunity will become a reality rather than a worn and fading hope. I want to be the President who finally achieves full civil rights—and who passes an economic bill of rights for women.

And I am committed to an America where average-income workers will not pay more taxes than many millionaires, and where a few corporations will not stifle competition in our economy. I want to be the President who at least closes tax loopholes and tames monopoly, so that the free enterprise system will be free in fact.

And I am committed to an America where the state of a person's health will not be determined by the amount of a person's wealth. I want to be the President who brings national health insurance to safeguard every family from the fear of bankruptcy due to illness.

And I am committed to an America where the cities that are the center of our civilization and the farms that are the source of our food will be preserved and strengthened. I want to be the President who halts the loss of rural land to giant conglomerates and who declines to accept urban slums, unequal schools, and an unemployment rate in the inner city that approaches 50 percent.

And I am committed to an America that will safeguard the land and the air for future generations. I want to be the President who stops the seeding of the earth with radioactive wastes from nuclear plants—and who refuses to rely on a nuclear future that may hazard the future itself.

And I am committed to an America that is powerful enough to deter war and to do the work of peace. I want to be a President who does not rush to a helter skelter militarism or a heedless isolationism, who improves our military without gilding our weapons, who lifts at least a little the nuclear night that hangs over the world and who makes the world itself a little safer for both diversity and democracy.

And for all these commitments, I have only just begun to fight.

I am convinced that the people are not selfish or hopeless—and that the government is not helpless to serve the public interest. I am convinced that we as a people are ready to sacrifice—to give something back to our country in return for all it has given to us.

It is easy to preach sacrifice, while practicing the politics of symbols. It is easy to bend to the prevailing political breezes. All politicians are tempted to this at times.

But as I said a year ago, sometimes a party must sail against the wind. Now is such a time. We cannot wait for a full, fair wind or we will risk losing the voyage that is America. A New England poet once wrote: "Should the storm come, we shall keep the rudder true."

Whatever comes in the voting of this year, or in the voyage of America through all the years ahead, let us resolve to keep the rudder true.

Mr. TSONGAS. Mr. President, I had the opportunity to be there and frankly I found it to be a speech that I think articulated the reason why I as one Member of this body support the candidacy of Senator KENNEDY. Let me just highlight some of the issues raised in that speech:

If the Vietnam War taught us anything, it is precisely that when we do not debate our foreign policy, we may drift into deeper trouble. If a President's policy is right, debate will strengthen the national consensus. If it is wrong, debate may save the country from catastrophe.

One need not be committed to either candidate or to a particular party to understand the soundness of that statement.

On the issue of energy he said:

And these domestic concerns are not merely matters of social justice; they are also at the center of our foreign crisis. Iran and Afghanistan demonstrate a fundamental truth of the American condition. We are perilously dependent on OPEC oil.

A house weakened in its own foundation cannot stand unless we put our energy house in order, our strength and credibility will continue to fall; the world will grow steadily more dangerous for our country and our interests.

We must cure our addiction to foreign oil.

One could only reflect on how true that rings, given the time spent in this body in trying to develop a national energy policy.

The third area that I highlight is in reference to third world countries and the need for comprehensive, viable foreign policy:

Fourth, the greater threat to these nations is often internal decay and subversion, not external aggression. Military aid is not enough. We must also provide economic assistance and political support.

Certainly if one were to look at the statement that I made since I came back from southern Africa, that is really, I think a kind of signpost as to where we should be going and does point out the basic lack of a foreign policy by the administration.

It is my hope that these kinds of statements will nudge the President and his administration in a direction that I could support, and I wish to commend Senator KENNEDY for raising these issues and I

think most fundamentally providing the clear rationale for his candidacy.

In addition, Mr. President, I wish to have printed in the RECORD an article that appeared today in the Washington Post entitled "The Anti-Kennedy Bias in TV News Reporting," by Tom Shales.

I pride myself on being reasonably immune from criticism in the press, having endured a lot of it as a Congressman from my particular hometown newspaper. But it seems to me that when you are talking not about a Congressman or a Senator but about a Presidential candidate reporters have a certain obligation. There is nothing really to prevent people in the media from irresponsibility except their own sense of professionalism, and I have had experience in my life where that sense of professionalism was simply not adequate and I guess you just learn to live with it.

But what happens to a Congressman or a Senator in some respect is really not all that crucial, but when you are talking about a candidate for the Presidency I would have hoped that the media in this country would have treated the candidacy with the kind of respect and professionalism that they demand indeed of people in public life.

The article by Tom Shales in today's paper, which I think has been met with some agreement with the people from the media that I have spoken to, points out the kind of shocked quality of various members of especially the television media, and I hope that beyond the issue of Senator KENNEDY the media would understand the enormous impact it has on the U.S. electoral process and they should understand that, in fact, they are Americans as well.

An interesting contrast to the news reporting indicated by this article is the rather, in my opinion, courageous stand taken by the media on the six Americans who were hiding in Tehran.

So we have interesting contrasts, one reflecting the best of American journalism in what must have been a very difficult decision and one that represents the worst of American journalism.

It seems to me that it should be quite obvious which approach is not only better for the media but better for the country as a whole.

Mr. President, I ask unanimous consent that the Washington Post article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ANTI-KENNEDY BIAS IN TV NEWS REPORTING

(By Tom Shales)

It's hard enough running against an incumbent for the presidential nomination. Sen. Edward M. Kennedy (D-Mass.) has also had to run against all three television networks. It would take a combination of FDR and Abraham Lincoln on the same ticket to defeat that kind of coalition.

For the past three months the network news departments have had a field day playing Get Teddy. They have turned the election process into the Wide World of Politics and portrayed Kennedy as the creamed skier feasting on the agony of defeat. They supply the viewing electorate only with a daily fix on winners and losers, and they have all but declared Teddy the loser.

The latest sneak attack was committed by the exhibitionistically scrappy Phil Jones, who covers the candidate for CBS News. On Monday night's Evening News, Jones described Kennedy's appearance at Georgetown University and cracked, "and with that, Kennedy looked into the TelePrompTer and read a speech." CBS even included a shot of the TelePrompTer. THIS is news?

President Carter planned to use a TelePrompTer, too, for his State of the Union address; one was installed in the House of Representatives for him. But he changed his mind and relied on a typed text. No one at CBS, however, said, "and with that, President Carter looked down at his script and read a speech."

Even some network newsmen acknowledged—"privately," the way wee small voices at the White House are always being quoted on network newscasts these days—that the anti-Kennedy bias is phenomenal. We turn on the nightly news to find out how badly Teddy is doing today.

"It's the new sociology of news," says one of the most respected TV newsmen in the business. "They forced Teddy to declare for the nomination, and then the minute he declared, they started saying, "What good is he?'"

Says another longtime newsman at another network: "I don't think it's all television's fault, but television probably thinks less than newspapers—good newspapers— do.

"And all the while TV has been beating up on Kennedy, there's been almost benign neglect of Carter. Here you have a guy who is really a disaster, but the networks have gone right along with his Rose Garden strategy. There is absolutely no innovation in their coverage."

The symbolism that goes with presidential regalia is passed along to viewers by television, and rarely given a critical glance by TV newsmen. But the symbolism that goes with a Kennedy candidacy is subjected to repeated smart-alecky scrutiny, partly because the Kennedy mystique has such historical resonance.

When Roger Mudd decided to prove his manhood on the air with the landmark Teddy Kennedy profile which CBS televised on Nov. 4, it looked as though Mudd might be opening the door to new, tougher, more rigorous political reporting on television. It's been tougher and more rigorous all right—but only on Kennedy.

Jones followed up on Nov. 17 with a CBS Evening News report in which he deemed it terribly newsworthy that Kennedy had misidentified a railroad, that he was "using his family" to get votes—surely an unheard-of ploy in American politics—and that he stammered in response to a question on racial issues.

"He often appears to be a man without a plan," said Jones.

More recently, Kennedy was subjected to further unprofessional indignities on the ABC News program "Issues and Answers." In the last minute of the show, reporter Bob Clark suddenly said, almost jokingly, "Senator, if I may interrupt, people are going to think we are derelict if we don't get one Chappaquiddick question into this show."

Kennedy had less than 40 seconds to respond to the question Clark asked. He tried to bring up what he thought were the actual "moral issues" of the campaign but was cut off in mid-sentence when time ran out.

"We felt very bad about it," said Peggy Whedon, producer of the program, later. "It was miscalculation, purely. The clock did it to us." Sen. Kennedy was "a little testy" about the incident, she said, and "his people were angry" as they left the studio. And with good reason.

Meanwhile, on NBC's "Meet the Press," President Carter held forth with his big born-again grin as reporters pelted him with questions that, but for a few exceptions, had the stinging power of rose petals.

Television loves to give its audiences good news. It loves to give them winners. It loves to give them black-and-white comic strip versions of complex events. So the hair-spray crowd has put on the kid gloves for Carter, who is given great credit for withstanding all the crises he helped bring about, and saved all the knockout punches for Kennedy.

"It's really been savage against Kennedy," says one veteran political observer active in broadcasting. "I've been shocked by it, absolutely astounded by the coverage. And the double-standard is incredible. Carter is full of 'steely resolve' but Kennedy is 'hustling votes.'"

Why is this happening?

"I think partly because there's been so much garbage about how the press loves the Kennedys in recent years, that the reporters feel they all have to establish their neutral credentials by knocking him around. They're leaning way over backwards, that's for sure. They're preparing audition tapes so that nobody will look back someday and say, 'Oh, Phil Jones—that Kennedy whore.'"

Former presidential adviser Bill Moyers, who couldn't stomach the network news circus and this week begins a new season on public television, feels the problem involves more than just the hostility some correspondents feel toward Kennedy.

"Television is unfair to politicians generally, just as it is unfair to thinking people," Moyers says from New York. "Politicians deal in a world of complexity, and television deals in a world of simplicity. Television insists they play by the rules of television and not by the rules of politics.

"The rules of politics are negotiation, weaving, subtlety, nuance, trading, advancing, retreating, and so on; these are the things with which you sustain a political process. But television doesn't like nuance. And television doesn't like subtlety."

TV news melodramatizes events to make them good shows cast with cartoon personalities, and this streamlined version of what is happening in the world becomes the TV reality millions see on their screens. Principal offenders like Jones may stand out for their shamelessness, but the three network news departments are pretty much hewing to the same party line on Kennedy.

"A kind of group radar does take over," says Moyers. "One guy sees a blip and seizes on it, then another guy seizes on that, and so on. Teddy Kennedy hasn't been judged on whether he's been a good senator, on his grasp of the issues, on his views on Afghanistan, Iran, or anything else. Instead, it's been television deciding whether he's a good campaigner or not.

"At the same time, it's all biased in favor of Jimmy Carter. Inflation is not only as bad as it was, it's worse than ever. Americans are still being held hostage in Iran. And Russian troops are still in Afghanistan. But Jimmy Carter is high in the polls because he is able to communicate, through television, the symbols of leadership even when he is not in fact leading."

Broadcasters are continually demanding repeal of the Fairness Doctrine that is supposed to keep them in line on matters of public import. They say they don't need a Fairness Doctrine. They say it inhibits them. They say we should trust them to be fair.

Like hell we should trust them to be fair.

Mr. TSONGAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE AUSTRALIAN RESPONSE TO THE SOVIET INVASION OF AFGHANISTAN

Mr. GLENN. Mr. President, tonight, Australian Prime Minister J. Malcom Fraser will arrive in Washington for a brief visit to discuss the appropriate international response to the Soviet invasion of Afghanistan. Such a visit will be especially valuable, for Australia has already demonstrated its recognition that the cynical and ruthless Soviet attack on Afghanistan represents a grave threat to world peace.

In the wake of the Soviet invasion, the United States has urged many countries to take a firm stand against the Soviet moves. However, no urging was necessary in the case of Australia. It spontaneously took a number of actions—some of which involved real sacrifices for it—which demonstrated its farsightedness and its solidarity with the United States.

These steps included:

Support for the U.S. grain embargo by refusing to meet any Soviet shortfall in grain purchases.

An offer of greater Australian involvement in patrolling and surveillance of the Indian Ocean, either independently or jointly with the United States.

Support for a boycott of the Olympic games or their removal from Moscow.

The indefinite suspension of arrangements and agreements with the Soviet Union over fisheries matters. Approvals already given to two ventures were withdrawn, and a planned February visit by a Soviet fisheries delegation was canceled.

The indefinite suspension of scientific collaboration with the Soviet Union.

The refusal of Soviet requests for expanded airline cooperation.

The provision of 10,000 tons of Australian wheat to Pakistan to help Afghan refugees.

Mr. President, the United States faces a difficult and trying time as a result of the Soviet decision to resort to naked military force to control the fiercely independent people of Afghanistan. Many nations are reluctant to recognize the threat such Soviet action poses to themselves and to the peace of the world. The United States is extremely fortunate to have in Australia a staunch ally, one which is willing to face facts squarely and to act upon its judgments and convictions.

Australia, along with New Zealand, has been our partner in the tripartite ANZUS security pact for nearly 30 years. It is also a signatory of the Manila Pact of 1954. During the past three decades, the cooperation between our two countries has been close, and the relationship has been valuable to both countries. It is all too easy to overlook the contributions made by such a loyal ally because of our concern over how to deal with less responsible nations. Let us not make this mistake with Australia, for it deserves our gratitude and support.

LACK OF ACCOUNTING AND COST CONTROLS

Mr. SASSER. Mr. President, I rise to discuss a matter of serious concern—that is, the lack of accounting and cost controls for the foreign military sales program.

DRAMATIC GROWTH

During the decade of the 1970's, the foreign military sales program has grown dramatically. Annual sales agreements amounted to $1.4 billion in 1971. By 1978, the annual rate had reached $13.5 billion. During this 8-year period, 1971 through 1978, foreign military sales agreements to customers worldwide amounted to $71.1 billion. Over the past 6 years, total foreign military sales have amounted to $67 billion. Virtually all of these sales have been made to countries with strong and sound economies.

COSTING CRITERIA

Mr. President, these military sales are made to foreign powers on certain costing conditions established in law and Defense Department instructions and directives.

Simply stated, the law and DOD directives state that the Defense Department shall charge the full price for the item sold so that there is no element of subsidy in the program. The program should break even—no profit and no loss.

FOREIGNERS—NOT AMERICANS—SHOULD PAY

In other words, the American taxpayer should not be charged in any way for military goods sold to foreign powers, especially not now when we are attempting to rebuild our own defense forces. The foreign purchasers should pay the full price. This seems simple enough.

ARMS EXPORT CONTROL ACT

Mr. President, the Congress enacted and the President signed the Arms Export Control Act of 1976. This statute requires recovery of all direct and indirect costs so that there are no elements of subsidy in the program. Foreign governments are to pay the full amount of procurement contracts entered into for them to assure the United States against any loss.

REPLACEMENT COSTS

In the case of an item sold out of Defense Department inventory, such as an engine motor, generator, and so forth, the foreign government is to be charged the actual or replacement cost. In other words, if the item sold from stock costs $1,000 when it was manufactured 5 years ago, and will cost $1,500 to manufacture and replace it in inventory required for American forces, then the cost to the foreign power should be $1,500, and not the $1,000 that is normally being charged by DOD. This is the law and the requirement of DOD directives and instructions. Yet, GAO identified $69 million worth of losses to the American taxpayer due to this type of undercharge in the selected cases it reviewed.

FULL COST RECOVERY

Full cost recovery also includes recovery of indirect costs such as charges for the use of Government-owned assets; nonrecurring research and development and production costs; and administration costs. It includes charges for the full cost of Defense Department services, such as DOD quality control inspections.

TOTAL COST

All of these costing criteria are established by law and DOD directives. The whole point is that prices of items sold to foreign powers shall be at their total cost to the U.S. Government.

GENERAL ACCOUNTING OFFICE INVOLVEMENT

Over the past decade, the General Accounting Office has published about 40 reports covering a wide range of financial management problems for the foreign military sales program.

Since 1975, the GAO has issued 34 of those reports.

SOME EXAMPLES

Mr. President, let me give some examples of Defense Department practices which are costing the taxpayers millions of dollars—and allowing millions of dollars of subsidy to foreign powers.

CHARGES NOT MADE FOR INVENTORY LOSSES

In maintaining inventories, the Defense Department incurs normal inventory losses such as damage, deterioration, pilferage, and disposal of obsolete items. It has been 10 years since the Department of Defense first required that foreign governments be charged for inventory losses on sales of nonstock fund items, such as engine motors or generators. This directive was followed up by an amendment to the Arms Export Control Act in 1978, expressly requiring that the 1969 directive be implemented. Yet, at the time that the GAO was completing its review of the matter in 1979, the military services were still "studying the matter."

The net result? Foreign governments had not been assessed for their fair share of inventory losses. Their share amounted to millions of dollars. The law has been ignored. And no attempt is underway to identify and recover the undercharges on foreign military sales—the majority of which go to countries with strong economies which could well afford to pay their fair share.

EXAMPLE OF LACK OF CHARGES FOR USE OF GOVERNMENT-OWNED ASSETS

Since 1970, the General Accounting Office has been reporting that although Government-owned assets are used to produce items sold to other countries, these countries have not been charged for the use of the assets as required by law and Defense Department policy. Moreover, now that the undercharges have been identified by GAO reports, the Defense Department is still not giving attention to recovering unbilled costs of using Government owned assets for foreign military sales.

What is the result? Foreign customers have been subsidized by the American taxpayer to the tune of millions of dollars—$157 million for case reviewed by GAO simply for failure to charge for use of Government-owned assets. Why? Simply because the Defense Department—over a period of 10 years—has still not brought its serious accounting and financial management problems to a proper resolution.

COST WAIVERS

The Arms Export Control Act of 1976 provided that under certain conditions, nonrecurring research and development costs and other costs associated with a sale may be waived—that is, not charged to the foreign country—by Defense. Over the next 15 months, the Department authorized or considered cost waivers of about $500 million. Moreover, the Congress was not being advised of the amounts being waived or the specific reasons for granting waivers.

FOREIGN GOVERNMENTS KNOWINGLY UNDERCHARGED

In addition to the unexplained cost waivers, the General Accounting Office has noted instances which have resulted in foreign governments being knowingly undercharged, and thus subsidized by the American taxpayer, by millions of dollars.

The Congress has made it clear that foreign governments should not be subsidized through the foreign military sales program.

Despite this, the GAO found, however, that:

After various foreign governments complained about high prices, Defense and State Department officials directed the military services to charge prices which did not include all costs. On four sales cases the military services were directed to omit about $7.9 million.

The Army intentionally did not charge a foreign country appreciable costs incurred to overhaul equipment. Overhaul costs were greater than originally anticipated. Instead of charging the foreign country for these costs as intended by law and required by Defense pricing policies, the Army improperly transferred the costs to an Army overhaul project, thereby subsidizing the foreign country.

These examples of undercharging are not isolated instances. The GAO, in the cases they reviewed, identified $8 million worth of intentional undercharging. Another $75 million of intentional undercharging was identified by the internal auditors of the military services and a Navy study team.

NAVY STUDY TEAM

Mr. President, I am particularly troubled by the revelation of the GAO regarding a Navy study team. That team was studying foreign sales pricing and identified $10 million in unrecovered costs on six sales. This included $1.6 million for Government-furnished equipment, $2.4 million for training, and $4.7 million in asset-use charges. The study team concluded if all open sales cases were to undergo similar examination, there was a potential for a recovery of an additional $100 million to $200 million in costs and charges. The team recommended that the remaining open sales cases be reviewed and that the unrecovered costs so identified be recovered.

What was the Navy response? Predictable. It stopped the review, did not attempt to charge foreign governments for the $10 million in costs already identified and probably cost the taxpayers hundreds of millions of dollars for those open cases which it would not allow to be reviewed.

$370 MILLION UNDERCHARGED

Mr. President, the GAO has found that in the past 6 years, the Defense Department has not charged an estimated $370 million for quality assurance services provided on items sold to foreign countries—even though recovery of costs for the services had been required since at least 1970. The GAO noted that—

The problems encountered in not recovering these costs were indicative of Defense's continued failure to recover all costs for foreign military sales.

$2 TO $3 BILLION LOSS

Mr. President, since 1976, the GAO has identified over $1 billion in unrecovered costs on selected foreign military sales cases. The total of such unrecovered costs is undoubtedly substantially more. By one estimate, it is $2 to $3 billion.

Mr. President, I think it is outrageous that the American taxpayer is being made to bear an unnecessary burden of $2 to $3 billion simply because of the serious financial deficiencies of the Defense department. This is an intolerable situation—an intolerable burden. Yet, it has been going on for a period of a decade and the problem shows no sign of abating.

CONCLUSION

Mr. President, the problem of noncompliance or long delays in implementing Defense policies has been disclosed in over 30 General Accounting Office reports issued in the past few years on deficient pricing practices.

Mr. President, I believe that basic corrective action is long overdue. The Defense Department should provide sufficient resources to insure that its pricing policies—and the laws enacted by Congress—are effectively implemented.

The notion that the American taxpayers should subsidize arms sales to foreign powers is, I believe, improper, irresponsible, and illegal.

Moreover, I believe it is especially ironic—even scandalous—for the American Government to be subsidizing the manufacture of arms to be shipped to foreigners—while at the same time the hard-pressed taxpayer is being asked to pay full price for the necessary rebuilding of the American defense forces in the 1981 President's budget.

Mr. President, just maybe we would not have to be struggling so hard to play catch up in the defense area if we could get the Defense Department to block this $2 to $3 billion hemorrhage in the Federal budget.

ALASKAN VILLAGERS ARE RUNNING OUT OF HEATING FUEL

Mr. STEVENS. Mr. President, people throughout the cold regions of the Nation are feeling the crunch of rising energy prices this winter. But there are few places in the United States where astronomical energy prices are being felt as deeply as in my State of Alaska. An article which appeared in the New York Times yesterday entitled "Alaskan Villagers Are Running Out of Heating Fuel" illustrates the crisis nature of this situation.

Four rural communities have mere gallons of fuel left and 30 other communities are anticipating similar problems this winter. In several tundra communities with no wood available to burn and temperatures dipping to 40 below zero, fuel shortages are truely a matter of life and death.

For residents of these villages, it is not a simple matter of calling the fuel dealer and getting a delivery the next day. At least 75 percent of Alaskan communities do not have road access to supply centers. Therefore Alaskan villagers must order their entire supply of winter fuel in the preceding summer and have it delivered by barge. Can you imagine the financial hardship if residents of your State—be they middle income or poor—were forced to pay their entire winter fuel bill in one lump sum. If villagers cannot afford the full amount, or if they do not correctly anticipate how cold the temperatures will be throughout the winter—they will run short, sometimes during the harshest months.

To fly relief fuel into these communities this winter will allow residents to pay back their bills in increments throughout the year—just as most utility customers in the rest of the States do. It is my understanding that some of that money will be given as grants to offset the transportation costs of the fuel during emergencies. I hope that we can work in Congress and with the appropriate Federal agencies currently dispensing energy assistance funds to permanently establish such a flexible and useful loan/grant program for Alaska.

I applaud this sensitive and farsighted action by our Governor and legislature. This program fills a great need for Alaskans who require assistance not necessarily in the form of a subsidy.

I ask that the article appearing in the New York Times be printed in the RECORD.

The article follows:

[From the New York Times, Jan. 24, 1980]

ALASKAN VILLAGERS ARE RUNNING OUT OF HEATING FUEL

JUNEAU, ALASKA, January 23.—Although Alaska exports one million barrels of oil a day, four remote native villages are on the verge of running out of heating oil and 30 other communities do not expect supplies to last through the bitterly cold winter, state officials say.

"I only got 15 gallons left," said Henry Evon, president of the Kwigillingok Village Council. He spoke from the only telephone in the remote community of 210 people on the icy Bering Sea nearly 500 miles west of Anchorage.

"I know of one family that's planning to move in with another if they can't purchase fuel," said James Atti, who works for the Village Council, "And I know of one family that's living with another family because their house is cold."

LESS FUEL ORDERED FOR YEAR

Facing the rising petroleum and transportation costs that have brought fuel to $2 a gallon in remote areas and lulled by two mild winters; many natives ordered less fuel when they made their annual purchases last spring.

But this winter was not another mild one. Fuel consumption climbed sharply as the temperature hung at 40 degrees below zero in northern areas for more than three weeks.

The cold season lasts six months in northern Alaska, and many rural Alaskans are nearly running out of fuel for the small stoves they use to heat their modest, mostly wooden dwellings.

The Alaska Legislature, which Convened this month amid debate over how to spend an estimated $3 billion that oil production will provide within the next year, has been asked to consider a $1.5 million emergency appropriation.

APPROVAL BY COMMITTEES

House and Senate Finance Committee members approved the appropriation Monday, and it is expected to win final legislative passage later this week.

The measure would lend village councils money to purchase fuel in bulk and subsidize the high cost of delivering it.

Mr. Evon said that his community had borrowed 5,000 gallons of fuel from the Bureau of Indian Affairs school as an emergency measure but that the fuel was quickly running out even though it was being rationed.

Fuel is also running out in Kongiganek and Kasigouk, smaller villages in western Alaska, and Nulato, only 100 miles south of the Arctic Circle.

The Alaska Pipeline, bringing its unrefined crude from Prudhoe Bay to Valdez, passes about 300 miles east of Nulato, the closest of the four villages to the pipeline.

Villagers order their yearly fuel supply in the spring. It is shipped by barge to coastal communities for distribution by airplane to the roadless tundra towns.

An estimated 445,000 gallons of heating fuel is needed along with 155,000 gallons of gas, according to a survey by the Rural Alaska Community Action Program, an agency that serves rural communities.

The program director, Philip J. Smith, said that in the last six weeks the Alaska Village Electric Cooperative, which serves rural areas, has sent shut-off notices to over 1,000 reidential customers. The amount of unpaid bills is in excess of $750,000, he said.

THE DEATH OF COL. EBERHARD DEUTSCH

Mr. LONG. Mr. President, it was with painful sadness that I learned of the lamentable death of a dear friend, an outstanding jurist and a great American—Col. Eberhard Paul Deutsch.

Colonel Deutsch died on January 16, 1980 at his home in New Orleans. Colonel Deutsch was an American patriot in every sense of the word. He served his country with distinction in both World War I and World War II. During World War II, Colonel Deutsch took part in 12 major engagements, including the invasion of Sicily and an airborne landing behind the lines in Normandy. He was awarded a total of 16 American and foreign decorations and service medals.

In 1945–46, he served on Gen. Mark W. Clark's staff as principal legal advisor in the military administration of Austria and in their creation of that country as a free and independent nation.

But Colonel Deutsch's service to his country did not end with World War II. From February, 1964, to 1976, he was Civilian Aide for the State of Louisiana to the Secretary of the Army, and served as Civilian Aide At Large from 1976 until his death.

Mr. President, the death of this great American has truly distressed me because of our close and warm relationship.

I knew Eberhard Deutsch for the better part of my adult life and respected him as a man and as a great lawyer. In connection with my service in the Senate, I many times sought the advice of Colonel Deutsch, particularly on matters involving international law—a field in which he excelled.

It was my privilege to have sponsored a proposal by Colonel Deutsch to reconstitute the World Court so that the justices of that court would no longer be bound in their rulings and deliberations to the nations from which they were appointed.

I often looked up to Colonel Deutsch as a son would to his father because he had the kind of experience and wisdom that younger men seem to obtain for themselves. From time to time he also represented my family in legal matters. Not only was he a great lawyer, but he had commonsense and tremendous talent.

Mr. President, to read to you Colonel Deutsch's many honors and accomplishments would require hours of this Senate's time. However, some of Eberhard Deutsch's distinctions can not go without mention.

Among his American decorations and service medals were the Silver Star, Legion of Merit, Bronze Star for Valor, Army Commendation, Purple Heart, Presidential Unit Citation, and two certificates of Appreciation for Patriotic Civilian Service.

In 1976, he was presented the Distinguished Civilian Service Award, the highest award the Secretary of the Navy can bestow on a civilian.

The French awarded Colonel Deutsch their Croix de Guerre with Palm and Fourragere, Verdum St. Mihiel, and Order of Lafayette.

In his legal career Eberhard Deutsch was 1961–62 chairman of the American Bar Association's standing committee on Admiralty and Maritime Law. In 1962–63 and 1965–68, he was chairman of the American Bar Association's Standing Committee on Peace and Law Through United Nations. Colonel Deutsch served as chairman of the Louisiana State Bar Association's Standing Committee on Reform and was chairman of the Commission for Revision of the Corporation Laws of Louisiana.

In addition to being a senior partner in one of New Orleans' largest and most respected law firms, Colonel Deutsch served as Consul General of Austria in New Orleans. In 1967, Austria awarded Colonel Deutsch its Gold Cross of Merit.

Mr. President, in behalf of this honorable body, I offer condolences to Colonel Deutsch's son, Brunswick G. Deutsch, his two sisters, and to all of those who knew, respected, and loved him as I did.

WHAT CONGRESS REALLY THINKS OF ITSELF

Mr. DECONCINI. Mr. President, on January 14, 1980, U.S. News & World Report published the results of a poll of all Members of the House of Representatives, who were asked to name the three Members they most respect, are most persuaded by, and the one individual they consider to be the most effective lawmaker.

I think I speak for a majority of Arizonans when I say that I was proud to note that the Member selected as the single most effective Congressman was MORRIS K. UDALL. If that was not enough, his colleagues also voted him among the three most respected and most persuasive Members.

New York Congressman RICHARD OTTINGER noted:

Mo Udall is one of the few members who commands instant attention when he speaks.

Mr. President, I applaud Mo UDALL on this high honor bestowed on him by his fellow Members of the House, and I want to say that I am proud to be a part of Arizona's congressional delegation.

For a small State, Arizona has had its share of oustanding people on Capitol Hill. In this Chamber, Carl Hayden is revered and remembered. BARRY GOLDWATER, the 1964 Republican Presidential nominee, is respected and admired. Ernest MacFarland, another Arizonan, was Senate majority leader.

JOHN RHODES, another Republican, speaks well for his party as House minority leader. STEWART UDALL, a former Arizona congressman, went on to become Secretary of the Interior under two Democratic Presidents. Mr. President, I would add Mo UDALL to this proud list. He is a credit to his native Arizona, to his country and to the Congress.

It is with pleasure and admiration that I commend the U.S. News & World Report article to my colleagues. I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT CONGRESS REALLY THINKS OF ITSELF

When judging the performance of Congress, senators and representatives are proving to be their own harshest critics.

Many legislators see their institution as so undisciplined, so overstaffed and so swayed by special interests—and lacking in leadership and individual courage—that it cannot function adequately.

An overwhelming majority of the senators and House members answering a survey conducted by *U.S. News & World Report* concedes that Congress is doing either poor or only fair in responding to the nation's needs. Fewer than 1 in 4 think Congress is doing a good job.

Many found Congress all too willing to give "the people what they want—not what they need." The desire to be popular "is a spirit that prevails in Congress," asserted Representative James M. Collins (R-Tex.). Added Representative William M. Brodhead (D-Mich.): "Congress responds to what it thinks the people are worried about, but it is, I believe, out of touch with the people."

One of Congress's defenders, Representative Don L. Bonker (D-Wash.), asserted: "Given the complexity of today's issues, the intense regional, economic and even partisan interests that come to bear on legislation, the overall record is not all that bad."

The magazine's poll drew responses from 192 of Congress's 535 senators and representatives—36 percent of the membership. Many questionnaires were returned with lengthy, handwritten comments—some signed, others not—that conveyed lawmaker's mounting concern for the institution they represent

and for the future of legislative government itself.

The results indicate that members are well aware of their own shortcomings and that they are increasingly willing to give up some of their freewheeling independence in exchange for firmer leadership and tighter organization.

It is perhaps significant that, when asked to name their most respected and effective colleagues, members of the Senate and the House often bypassed their chosen leaders in favor of other, less-well-known lawmakers. The two top men in Congress's hierarchy, Senate Majority Leader Robert Byrd (D-W. Va.) and House Speaker Thomas P. "Tip" O'Neill (D-Mass.), finished second and third, respectively, in separate polls to determine the most respected members of each chamber.

SEARCH FOR A MORE RESPONSIVE CONGRESS

Lawmakers showed no hesitancy in pinpointing what they see as Congress's weaknesses. Much of the criticism—from Republicans and Democrats alike—focused on the problems of weak internal leadership, poor communication, disunity and members' preoccupation with their own parochial interests.

Commented Representative Leon E. Panetta (D-Calif.): "Over the past several decades, Congress has progressed from a body controlled primarily by the dictates of party leadership to one whose membership is increasingly independent and, thus, more susceptible to pressures from single-issue constituencies." What must be developed, the congressman declared, is "a more careful balance between these two extremes."

Too often "we act in response to interest groups," observed another House member. "In seeking their vote and support, we are acting in our own self-interest, rather than that of the nation."

Though satisfied with Congress's overall performance, Senator Harrison H. Schmitt (R-N.M.) faulted his colleagues for failing to deal adequately with "major issues of energy, defense, taxes and regulatory reform." Another lawmaker said he doubted that Congress "has the backbone to legislate effectively" in the areas of government spending and inflation.

One House member blamed Congress's problems on an "ossified majority leadership" that "appears to be out of touch with the American people. As long as that prevails, Congress will not meet the people's needs."

Many Republicans echoed the sentiments of Representative Arlen Erdahl (R-Minn.): "The party in control is without cohesive direction or discipline. It is drifting, trying to respond to crises as they arise." The Democratic leadership "couldn't manage a two-car funeral," quipped Representative Henry Hyde (R-Ill.). However, Representative Bill Frenzel (R-Minn.) said the problem goes beyond leadership. "We have plenty of leaders," he concluded, "but no followers."

Said another member: "The media create the impression that we change things by changing Presidents. Not much will change on issues of inflation and energy until we change the faces in Congress."

WHO REALLY RUNS THE HOUSE AND SENATE?

Despite complaints about current leaders, no consensus for their replacement turned up when senators and representatives, assured of anonymity, were asked to name their most effective and most respected colleagues. Participants in the survey listed three choices in each of three leadership categories.

Picked as the most respected House member was Majority Leader Jim Wright of Texas. A 25-year veteran of Congress, Wright also was chosen overwhelmingly as the House's most persuasive debater. Said an admiring Democrat: "Jim's a fighter who goes full tilt all the time for the party but who's never bitter in defeat." At 57, Wright is next in line for Speaker, when O'Neill, 67, steps down and if the House remains under Democratic control.

Representative Morris K. Udall (D-Ariz.), who is chairman of the Interior and Insular Affairs Committee, emerged from the survey as a lawmaker with a large following among his peers. Second only to Wright in having the respect of his colleagues, Udall was chosen as the House committee chairman most effective in getting legislation enacted. As a persuasive debater, he placed third—behind Wright and Representative John Anderson (R-Ill.). "Mo Udall is one of the few members who commands instant attention when he speaks," said Representative Richard Ottinger (D-N.Y.).

Senators were much more circumspect in deciding who among them is the most respected. Fifty-eight senators got at least one vote. Minority Leader Howard Baker of Tennessee finished at the top of the list with 18 votes. Baker won praise on both sides of the aisle for his fairness, integrity and competence. Baker's "a genuinely nice guy," according to fellow Senator William Roth (R-Del.).

Behind Baker, tied with 16 votes apiece, were Majority Leader Byrd, Jacob Javits (R-N.Y.) and Edward M. Kennedy (D-Mass.).

If any one of the lawmakers emerged as a Senate powerhouse, he is Russell B. Long (D-La.), chairman of the Finance Committee.

Long was the runaway choice of his colleagues for the most effective committee chairman and he edged out Byrd and Javits as most persuasive in debate. Commented a Republican adversary of Long: "He's fairly reasonable. He compromises a lot and that makes him highly successful. He may get the biggest bite of the apple, but at least you end up with the core."

TOO MUCH TO DO, TOO LITTLE TIME?

An overriding complaint among senators and House members is the seemingly endless amount of work—much of it trivial—they are expected to handle.

Representative Carroll Hubbard (D-Ky.) described the frustrations: "Most of our time is spent as ombudsmen rather than as legislators. We spend many hours responding to constituent requests, attending functions, working on Social Security and veterans' claims, and securing such things as grants, loans, flags, publications, calendars, letters of recommendation and blacktop for roads in our districts. Returning telephone calls and answering letters are taking more of my time each year.

"The request and demands are increasing. In order to be considered a responsive congressman by my constituents, I, like most of my colleagues, spend much of my time—often seven days a week—attempting to fulfill these requests."

Senator Alan K. Simpson (R-Wyo.) concluded that "a great deal of time is wasted. There is not enough time to do one's homework before a bill is suddenly tossed out on the floor for discussion and a vote—and usually under a time agreement which prevents thorough debate."

By a 2-to-1 margin, legislators were in agreement that Congress had allowed itself to become overstaffed and that the staffs are generating a lot of unnecessary work.

"We have paid lip service to fighting growing bureaucracy while our committee and personal staffs have grown by leaps and bounds. We then excuse such growth by pleading that we have to keep up with the executive branch," declared Representative Dan Glickman (D-Kans.), A senator commented: "Our staffs have become another self-perpetuating bureaucracy."

"Committee staffs," added a House member, "could easily be cut by one third to one half."

Staffs "promote new bills for job justification," said Representative Collins, who has introduced his own bill to reduce congressional employment by half. Asserted Senator Simpson: "The staff has the power to overwhelm individual members with a workload which leads to legislation not even tinged with the aura of common sense but which only springs from a highly technical and clinical viewpoint of the eager and 'burrowing in' staff member."

Several characterized Congress's staff situation as "a national scandal" that is only waiting to be discovered by the nation's taxpayers.

DO LOBBIES HAVE TOO MUCH POWER?

Although most survey respondents said special-interest groups do not exert excessive influence over Congress, a significant minority expressed concern about their power.

"The increasing role of special-interest organizations in financing congressional campaigns is a very disturbing trend, which has given some groups an inordinate influence on Capitol Hill based on their ability to generate campaign funds," contended Representative Panetta.

Some pointed to the recent watering down of oil decontrol and oil "windfall profits" legislation as examples of what can happen when lobbying organizations bring their full weight to bear. "The problem," said one senator, "is that opposing views don't get voiced, and there is a vacuum on several issues of importance."

Several members of Congress expressed concern over the influence of so-called single-issue lobbies—women's-rights advocates, abortion foes, environmentalists, for example. "These people often care about nothing but their one issue—and they can drive you crazy with it," confides a House member. "You can have a perfect voting record 99 percent of the time, but oppose them just once and they'll hound you out of public life."

Representative Thomas Tauke (R-Iowa), however, said he doesn't find lobbying pressure on Capitol Hill as intense as he experienced earlier as an Iowa state legislator. But, he added, "lobbies are becoming sophisticated enough to work through each member's constituents. Is that good citizen participation in government or excessive special-interest pressure on Congress?"

Several argued that lobbies "cancel each other out" for the most part, while others defended lobbies as useful tools in the legislative process.

"Rarely, if ever, are members unable to attain all the information necessary to make informed judgments on matters before the Congress," a House member commented in support of lobbies. "In many cases, the opposing lobbyists supply differing opinions and bits of information that aid in the process of fully ventilating issues. Frankly, a congressman with integrity is not going to be unduly influenced by any lobbyist."

A few members of Congress said that they thought the press, in effect, constituted the most influential "lobby" group on Capitol Hill, but one senator contended: "No lobby can match the White House when it comes to playing hardball."

CONGRESSIONAL SALARIES: TOO HIGH OR TOO LOW?

On one matter that relies many voters, nearly all lawmakers seemed to be in agreement: They earn their $60,663-a-year salaries.

Only 13 survey respondents thought they were overpaid. Standing virtually alone was one anonymous House member who thought that a figure of "$44,600 would be about right."

A sizable minority complained that their salaries are inadequate given the demands of the job and the costs of staying in office. "It is tough for a member with a family to support and no outside income to main-

tain two homes and make ends meet," said one.

"It's one hell of a job," declared Representative John Jenrette, Jr. (D-S.C.). "Without our egos, few would stay. We make decisions that affect everyone, yet many corporate officers make much more with less responsibility and without constant demands.

Added another House member: "No one can understand the hours and effort the job requires—and the anxieties of lack of tenure."

There was criticism of Congress awkward handling last fall of its most recent pay increase. "Irresponsible," one senator called it. A House member termed it "poorly timed."

Some, while defending their own incomes, were not so sure that all of their colleagues deserved their pay. "Most members are really underpaid relative to what they would achieve outside the Congress," a House member asserted. "But a not insubstantial minority are overpaid for what they know or do."

Representative Joel Deckard (R-Ind.) thinks that "collectively, Congress has not earned a raise" because of its failure to deal adequately with the issues of inflation, energy and budgetary restraint. "Unfortunately, there is no practicable way to raise the salaries of those who have voted properly on these issues while cutting the pay of the rest," Deckard complained.

WHAT DOSE CONGRESS NEED MOST?

There were dozens of suggestions for making Congress more efficient and responsive to the nation's needs.

Representative Pat Schroeder (D-Colo.) argued for fewer committees and subcommittees. "Jurisdictional overlaps are an outrage," she said. "They allow everyone to take potshots, and no one has to take responsibility. We blame all ills on the bureaucracy, and yet increase its authority yearly."

Another thought a four-year term for the House would result in greater efficiency and responsiveness. 'Too many votes are cast for political posturing; too many votes are cast to avoid a poor rating on some group's sheet, and too much time must be devoted to campaigning," asserted one congressman.

Senator Thad Cochran (R-Miss.) called for a Congress with "more backbone to stand up to pressure groups that may not have the national interest at heart," while Representative Brodhead said the prime need is "wiser, more courageous members."

Although many of Congress's institutional reforms of the early 1970s came under attack in the survey, legislators overwhelmingly rejected the idea of returning to strict adherence to the seniority system for selecting committee chairmen. That "would be a giant step backwards," said Representative Panetta. Some thought the power of seniority is still too much of a factor in the selection of congressional leaders.

Others, however, expressed worry over a current practice that allows committee members to easily replace an unpopular chairman. "I notice chairmen are supporting legislation against their best judgment in fear of losing their chairmanships," said Representative William Goodling (R-Pa.). Another hinted that the selection of chairmen might be influenced through the "transfer of campaign funds by one member to another member's campaign." Such practice, asserted the House member, "should be illegal."

Over all, members of Congress seem to have a clear understanding of their duties. Most said their primary responsibility was to "take informed positions on national issues" rather than follow their constituents' every wish or act as a Washington go-between for their districts and states. Yet there was broad recognition that this lofty ideal is difficult to achieve and maintain.

Representative Schroeder put it this way: "We should be working on legislation and oversight of the executive branch rather than sending out baby books, birthday cards, newsletters and such. But what we have on Capitol Hill are close to 535 public-relations firms working for re-election 365 days a year."

THE HIDDEN BUDGET: SPENDING INCREASES FOR 1980

Mr. HARRY F. BYRD, JR. Mr. President, this is the third day on which I have risen to comment on the budget proposals submitted to the Congress by President Carter on Monday.

Once again, I invite the attention of the Senate to the potential violation of the law inherent in the President's 1981 budget.

The budget for 1981 calls for a deficit of $16 billion. If this budget is put into effect, it will violate Public Law 95–435, signed into law on October 10, 1978, by President Carter himself.

Section 9 reads as follows:

Beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

I believe that is clear enough. Any deficit in the coming year will be illegal.

Now, returning to analysis of the President's proposals it is important to realize that there really are two budgets in the documents which the President sent to the Congress: the widely publicized budget for 1981, and the hidden budget—a major revision of budget figures for 1980, the current year.

The hidden budget includes a $16 billion spending increase over the total approved by Congress last November—just 2 months ago.

The biggest increase is $5 billion for interest on the debt, resulting from the skyrocketing interest rates that have been necessitated to combat our rampant inflation, an inflation stimulated by continued and accumulated deficit spending.

Of course the Government has to pay this interest, but neither the 1980 budget nor the 1981 budget will do anything to abate the inflation that has forced the interest rates upward.

Indeed, debt interest will soar to $79 billion next year, consuming one-fourth of all individual and corporate income taxes.

Among the other spending increases for the current year are $800 million in foreign aid; $1.2 billion shifted from 1981 in the foreign military sales trust fund in a transparent effort to make the 1981 budget look leaner; $2 billion for purchase of grain that will not be going to Russia; about $1 billion for new and expanded transportation programs; $2 billion in medicaid and medicare, which have high rates of waste, fraud and abuse; and $2.6 billion in mortgage assistance.

Some of this is inevitable—"uncontrollable," as the budget officials like to say—but to the extent that this is the case, I believe that outlays which can be controlled should be reduced to offset these increases. Otherwise, what is the point in the annual exercise of solemnly enacting the so-called binding resolution on the budget?

The Washington Post yesterday morning published an excellent editorial concerning the 1980 budget increases, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CARTER BUDGET

The Carter administration wants you to know that its budget for 1981, published yesterday, is tight as a drum. It's rigorous, responsible and severely anti-inflationary, according to a chorus of official voices. Maybe so—but you shouldn't let your attention be diverted from the current budget, which seems to have become strangely fatter since last fall.

The budget for 1981, which doesn't go into effect until next October, is at present a secondary matter. It will be largely formed by questions that have not yet been answered. One question is whether, and how much, President Carter will decide to increase defense spending. The present version is based on policy as it stood last summer, with the 3 percent annual rise to which the United States has been committed for the past two years. If there is to be a reaction to events in Afghanistan and the Persian Gulf, it will have to be added to the budget that appeared yesterday. The other question is, of course, whether the recession forecast continuously since last spring will actually appear, and when. These open questions make writing the budget more uncertain than usual—and the labor of reading it less enlightening than ever.

Instead, it is useful to look at the three-year pattern that is emerging from last year to next. That pattern is not reassuring. The Carter administration is letting the current budget go slack; it is an election year. Restraint is postponed until next year.

The budget for fiscal 1979, which ended last September, turned out to be significantly more restrictive than the White House expected, mainly because inflation pushed up tax receipts. But, oddly, the consequences were the opposite of those you'd normally expect. Unemployment ran lower than forecast, and inflation notoriously went nearly twice as high. It was a warning that the administration was still underestimating the force of inflation and overestimating the danger of unemployment.

A year ago, when it brought out the 1980 budget the administration emphasized that it had kept the deficit under $30 billion. Congress with great travail, managed to do the same. Its second budget resolution, passed last November, held the deficit to $29.8 billion. But now the administration reports that it's going to be about $10 billion larger than that. There is the money for the embargoed grain, and for more mortgage assistance, and for transportation, and for a little of this and a little of that.

When the federal government steps up defense spending, the wave of inflation begins as soon as the contractors begin tooling up. That happened in 1965, and the seeds of the present inflation were planted then—when Lyndon Johnson refused to seek the increase in taxes necessary to offset it.

Perhaps it is unrealistic to suggest a tax increase in an election year. Certainly Mr. Carter thinks so. The administration would prefer that you concentrate on all the rigor and restraint that, at least according to present plans, will come after the election in the next budget. But it's the current budget that counts—and that one is moving toward a higher deficit and higher inflation.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT—PM 155

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Joint Committee on Economics:

To the Congress of the United States:

Last year world oil prices more than doubled. This increase will add some $200 billion to the bill for imported oil paid by consuming nations. Higher oil prices were the major reason for the worldwide speedup in inflation during 1979 and the dimming of growth prospects for 1980.

The United States was severely affected, as were other oil-importing countries. Our share of the additional oil bill will come to almost $45 billion this year. Partly, but not solely, because of higher oil prices, inflation accelerated sharply. The consumer price index rose by over 13 percent. The Nation's output of goods and services, which had been predicted in last year's *Economic Report* to grow by 2¼ percent over the 4 quarters of 1979, rose by less than 1 percent.

Although growth slowed, our economy offered strong resistance to the forces of recession. Despite virtually universal forecasts of imminent recession, output continued to rise throughout the second half of last year. Housing sales and construction held up better than expected until late in the year. By reducing their savings, consumers maintained spending in the face of the multibillion dollar drain of purchasing power from higher oil prices. Because business inventories have been kept remarkably lean, declines in sales did not lead to major inventory corrections. More generally, the economic recovery of recent years has been free of the distortions which, in the past, made the economy sensitive to recessionary forces.

Employment growth held up even better than output, and unemployment remained under 6 percent all year. Unfortunately, the strength of employment gains reflected a sharp decline in productivity—2 percent over the year. This fall in productivity added to costs, and thus bore a share of the responsibility for higher inflation.

While inflation worsened in 1979, a large part of the acceleration was concentrated in a few areas—energy; homeownership and finance; and, early in the year, farm and food products. Elsewhere consumer price inflation was more moderate, as prices rose by 7.5 percent over the year. Wage gains were no higher than in 1978, despite the speedup of inflation. The government's voluntary wage and price standards were widely observed and limited sharply the extent to which inflation spread from oil and a few other troubled sectors to the rest of the economy.

THE IMPORTANCE OF REDUCING INFLATION

It is my strong conviction that inflation remains the Nation's number one economic problem. Energy and housing prices are still moving up rapidly, adding directly to inflation and continuing to threaten a new price-wage spiral in the rest of the economy. Even apart from these special problem sectors, inflation is now running at an 8 to 9 percent rate, compared to 6 or 6½ percent several years ago, in part because of a disappointing productivity performance.

Our immediate objective for 1980 must be to prevent the spread of double-digit price increases from oil and other problem sectors to the rest of the economy. My budget and economic policies have that as their primary goal. We share that same urgent goal with virtually every other oil-importing country. Halting the spread of inflation is not enough, however. We must take steps to reduce it.

Each new round of inflation since the 1960s has left our country with a higher underlying inflation rate. Without long-term policies to pull down the current 8 to 9 percent rate, our Nation will remain vulnerable to still further increases. Another sharp rise in oil prices or a worldwide crop shortage could provide the next turn of the ratchet. Failure to lower inflation after the latest episode would strengthen long-run inflationary expectations and erode resistance to even larger wage and price increases. Over the longer term, we will either bring inflation down or it will assuredly get worse.

A STRATEGY FOR DEALING WITH INFLATION

To fight inflation I propose that we act along four lines. The *first* and most immediate of these is fiscal and monetary restraint:

Under the economic conditions that now confront us we must concentrate on reducing the budget deficit by holding down Federal spending and forgoing tax reductions. We cannot afford a permissive economic environment in which the oil-led inflation of 1979 gives rise to a widespread acceleration of wage and price increases in 1980 and 1981.

To reduce inflation in subsequent years, the budget will have to stay tight. That does not mean that it should fail to respond to changing economic circumstances or that taxes can never be reduced. But compared to an earlier less inflationary era the room for budgetary maneuver has appreciably narrowed.

Monetary policy will have to continue firmly in support of the same anti-inflationary goals.

The *second* line of action is restraint by the private sector in its wage and price decisions. Aided by the deliberations of the Pay and Price Advisory Committees appointed last year, we have been updating and improving the voluntary wage and price standards.

As a *third* line of action we must pursue measures to encourage productivity growth, adapt our economy rapidly to the fact of scarcer oil supplies, and improve our competitive standing in the world economy. By dealing with these fundamental aspects of economic performance, we seek to ensure that the longterm monetary and fiscal restraints needed to curb inflation go hand-in-hand with a healthy growth in output, employment and living standards. These measures will also help us reduce inflationary pressures from the cost side.

Recent history has driven home the lesson that events outside our country—such as worldwide crop shortages or sudden increases in OPEC oil prices—can have major inflationary effects on the domestic economy. The *fourth* line of action, therefore, must be the use of measures relating to energy and food that reduce our vulnerability to outside inflationary shocks.

THE SHORT-TERM ECONOMIC OUTLOOK

We face a difficult economic transition in the next year or two. According to my economic advisers, our economy is likely to undergo a mild recession early this year. Most private forecasters share this view. Consumer purchasing power is being drained away by rising energy prices; moreover, construction of new homes may decline somewhat further because of limited supplies of mortgage credit and high mortgage interest rates.

Since economic growth in recent years has been well balanced, there are no serious distortions in our economy to intensify the forces of recession. An economic downturn, if it occurs, should therefore be brief and mild. By year-end our economy should be growing again, and the pace of expansion is likely to increase in 1981.

Unemployment will probably rise moderately this year. Next year a stronger pace of economic expansion will create more new jobs, and unemployment will begin to come down again.

Inflation has been building in our country for a decade and a half, and it will take many years of persistent effort to bring it back down. This year energy prices will still go up faster than other prices, but less so than in 1979. Some of the other special factors that contributed to inflation last year should do so to a smaller degree, or not at all, in 1980. Enactment of the budget that I have recommended, and continued exercise of reasonable restraint by business and labor in their wage and price decisions should make it possible to lower the rate of inflation from 13 percent in 1979 to close to 10 percent in 1980, and to a range of 8 to 9 percent in 1981. But that accomplishment will still leave inflation running at an entirely unacceptable pace. We cannot, and will not, rest until reasonable price stability has been achieved.

BUDGET POLICIES

My budget proposals will reduce the Federal deficit by more than half to $16

billion in fiscal 1981. Accomplishing this reduction, despite the effect of slower economic growth on Federal tax revenues, has required severe restraint on Federal spending. Outlays will increase from $564 billion this year to $616 billion in fiscal 1981. Although real defense spending will rise, total Federal outlays, adusted for inflation, will remain virtually constant. I propose to reduce inflation-adjusted spending outside of defense.

My 1981 budget is based squarely on the premise that bringing an end to inflation must remain the top priority of economic policy. Not only are budget expenditures held to the minimum level consistent with urgent national needs, but tax reductions are forgone. This austere budget policy, accompanied by supportive policies of monetary restraint, is a necessary condition for controlling inflation.

Citizens all across our country are facing rising tax burdens because of increased social security taxes and because inflation pushes individuals into higher income tax brackets. They want, and deserve, tax reductions when cuts can be granted within the framework of a prudent budgetary policy. Businesses need greater incentives to invest in the new and modern plant and equipment that is essential to growth in our productive capacity and to long-run improvement in economic efficiency. If we continue to keep the growth of Federal expenditures under tight rein, tax reductions will be forthcoming. But I could not and did not recommend tax relief this year.

I am aware that a mild recession is widely forecast. Indeed the estimates of revenues and expenditures in my budget assume its occurrence. But forecasts are necessarily uncertain. Our economy has shown remarkable resilience to date, and there is no evidence that a recession has begun. Under those circumstances, to have recommended a tax reduction and a much larger budget deficit would have been a signal that we were not serious in our fight against inflation. It would have increased inflationary expectations, weakened the value of the dollar in exchange markets, and risked the translation of last year's oil-led inflation into a new and higher wage-price spiral in 1980. In recognition of these realities, my budget proposals concentrate on reducing the deficit.

In this uncertain period, of course, economic policy cannot be fixed in place and then forgotten. If economic conditions and prospects should significantly worsen, I will be prepared to recommend to the Congress additional fiscal measures to support output and employment in ways and under circumstances that are consistent with a continued fight against inflation.

Restraint in the 1981 budget has been accomplished while still moving forward with Federal programs and expenditures that address our Nation's critical needs.

Outlays for defense will increase by over 3 percent in real terms. Both strategic and conventional forces will be strengthened. Our commitment to our NATO allies will be met, and our ability to deploy forces rapidly anywhere in the world will be improved. Recent events in Southwest Asia have underlined the necessity for these actions.

Expenditures will be raised to expand domestic energy supplies, increase energy conservation, and provide assistance to low-income families least able to pay higher energy prices.

Support for basic research, enlarged in the past three fiscal years, will be further expanded to a total of $5.1 billion in 1981. Sustained commitment to basic research will assure continued American scientific and technical preeminence.

A major new initiative, for which $1.2 billion in new budget authority is requested, addresses the serious problem of unemployment among disadvantaged youth.

These programs were made possible within the framework of a tight budget by pruning less essential programs, increasing administrative efficiencies, and reducing fraud and abuse. Legislative proposals to reduce Federal spending will save $5½ billion in fiscal 1981 and even more in subsequent years.

PAY AND PRICE STANDARDS

A little more than a year ago, I asked business and labor to join with me in the fight against inflation by complying with voluntary standards for pay and prices. Cooperation with my request was extensive. Last year's acceleration of inflation did not represent a breakdown of the pay and price standards. Skyrocketing energy prices, and rising costs of home purchase and finance lay behind the substantial worsening of inflation. Declining productivity also added to business costs and prices.

The pay and price standards, in fact, have served the Nation well. Although the price standards had only limited applicability to food, energy, and housing prices, in the remaining sectors of the economy, for which the standards were designed, prices accelerated little during the first year of the program. Wage increases were no larger than in 1978, even though the cost of living rose faster. Increases in energy prices did *not* spill over into wages and the broad range of industrial and service prices.

On September 28, 1979, my Administration and leaders of the labor movement reached a National Accord. We agreed that our anti-inflation policies must be both effective and equitable, and that in fighting inflation we will not abandon our effort to pursue the goals of full employment and balanced growth.

As an outgrowth of that Accord, I appointed a Pay Advisory Committee to work together with my Administration to review and make recommendations on the pay standards and how they are being carried out. A Price Advisory Committee was established to make recommendations with respect to the price standards.

The most immediate problem in 1980 is to ensure that last year's sharp increase in energy prices does not result in a new spiral of price and wage increases that would worsen the underlying inflation rate for many years to come. Understandably, workers, business managers, and other groups want to make up for last year's loss of real income, and they may seek to do so by asking for larger increases in wage rates, salaries and other forms of income. Such efforts would not restore real incomes that have been reduced by rising world oil prices and declining productivity, but they would intensify inflation. Improvements in our living standards can only be achieved by making our economy more efficient and less dependent on imported oil.

Voluntary standards for wages and prices, together with disciplined fiscal and monetary policies, are the key ingredients in a strategy for reducing inflation. During the years immediately ahead, monetary and fiscal policies will seek a gradual but steady lowering of inflation. By itself, restraint on borrowing and spending would mean relatively slow economic growth and somewhat higher unemployment and idle capacity. Effective standards for moderating wage and price increases will lead to greater progress in lowering inflation and thereby reduce the burden on monetary and fiscal policies and provide scope for faster economic growth and increased jobs.

LONG-TERM ECONOMIC GOALS

Just before my Administration took office the overall unemployment rate was still close to 8 percent. For blacks and other minorities, the rate was over 13 percent and had shown little improvement since the recovery began in early 1975.

Since then increase in employment have been extraordinarily large, averaging nearly 3½ percent per year. The gains for women were twice as large as for men. For blacks and other minority groups the percentage rise in employment was half again as large as for whites. Aided by a strongly expanded Federal jobs program for youth, employment among black and other minority teenagers grew by over 15 percent. Employment among Hispanic Americans rose by over 20 percent.

Unemployment rates have come down substantially for most demographic groups. Unemployment among black teenagers, however, has not fallen significantly and remains distressingly high.

To address the very serious problem of unemployment among disadvantaged youth, my Administration has substantially expanded funds for youth employment and training programs over the past 3 years. My 1981 budget includes an important new initiative to increase the skills, earning power, and employability of disadvantaged young people.

In 1978 the Humphrey-Hawkins Full Employment and Balanced Growth Act was passed with the active support of my administration. The general objectives of the act—and those of my Administration—are to achieve full employment and reasonable price stability.

When I signed that act a little over a year ago, it was my hope that we could achieve by 1983 the interim goals it set forth: to reduce the overall unemployment rate to 4 percent and to achieve a 3 percent inflation rate.

Since the end of 1978, however, huge OPEC oil price increases have made the outlook for economic growth much worse, and at the same time have sharply increased inflation. The economic policies I have recommended for the next 2 years will help the economy adjust to the impact of higher OPEC oil prices. But no policies can change the realities which those higher prices impose.

I have therefore been forced to conclude that reaching the goals of a 4 percent unemployment rate and 3 percent inflation by 1983 is no longer practicable. Reduction of the unemployment rate to 4 percent by 1983, starting from the level now expected in 1981, would require an extraordinarily high economic growth rate. Efforts to stimulate the economy to achieve so high a growth rate would be counterproductive. The immediate result would be extremely strong upward pressure on wage rates, costs, and prices. This would undercut the basis for sustained economic expansion and postpone still further the date at which we could reasonably expect a return to a 4 percent unemployment rate.

Reducing inflation from the 10 percent expected in 1980 to 3 percent by 1983 would be an equally unrealistic expectation. Recent experience indicates that the momentum of inflation built up over the past 15 years is extremely strong. A practical goal for reducing inflation must take this fact into account.

Because of these economic realities, I have used the authority provided to me in the Humphrey-Hawkins Act to extend the timetable for achieving a 4 percent unemployment rate and 3 percent inflation. The target year for achieving 4 percent unemployment is now 1985, a 2-year deferment. The target year for lowering inflation to 3 percent has been postponed until 3 years after that.

MEASURES TO IMPROVE ECONOMIC PERFORMANCE

Achieving satisfactory economic growth, reducing unemployment, and at the same time making steady progress in curbing inflation constitutes an enormous challenge to economic policy.

To lower inflation, we will have to persist in the painful steps needed to restrain demand. But demand restraint alone is not enough. We must work to improve the supply side of our economy—speed its adjustment to an era of scarcer energy, increase its efficiency, improve the workings of its labor markets, and expand its capital stock. We must take measures to reduce our vulnerability to inflationary events that occur outside our own economy. Only an approach that deals with both demand and supply can enable the Nation to combine healthy economic growth with price stability.

LONG-RUN ENERGY POLICIES

Over the past 3 years I have devoted a large part of my own efforts and those of my Administration toward putting in place a long-term energy policy for this Nation. With the cooperation of the Congress much has already been accomplished or stands on the threshold of final enactment.

The phased decontrol of natural gas and domestic crude oil prices will provide strong, unambiguous signals encouraging energy conservation and stimulating the development of domestic energy supplies. But decontrol of oil, in the face of very high OPEC prices, inevitably generates substantial windfall profits. The windfall profits tax I have proposed will capture a significant portion of these windfalls for public use.

The increased Federal revenues from this tax will make it possible to cushion the poor from the effects of higher oil prices, to increase our investment in mass transit, and to support programs of accelerated replacement of oil-fired electricity generation facilities and increased residential and commercial energy conservation. I have also proposed incentives for the development of energy from solar and biomass sources, and have asked the Congress for authority to create an Energy Security Corporation to provide incentives and assistance on a business-like basis for the accelerated development of synthetic fuels. Other legislation that I have proposed, which is also now before a Conference Committee of the Congress, would create an Energy Mobilization Board to cut the red tape and speed the development of essential energy projects. I urge the Congress to take the final steps to enact the enabling legislation for my energy initiatives.

These policies will sharply increase the efficiency with which our Nation uses energy and widen the range of economically feasible energy sources. In so doing, they will help make our economy less inflation-prone. They will also drastically cut our reliance on imported oil, and by making our Nation less vulnerable to sudden increases in world oil prices, reduce the probability of sudden inflationary surges.

By the end of this decade, we will be well on the way to completing the transition toward the new world of scarcer oil supplies. In the interim, however, our country still remains dangerously exposed to the vagaries of the world oil market.

I am pursuing measures to deal with this transitional problem. Together with other major oil-consuming countries in the International Energy Agency we are working to devise improved means of matching any future cuts in oil supplies with joint action to reduce oil demand. By avoiding a competitive scramble for scarce oil, we can reduce the chances of further large price increases.

Last year I pledged that our country would never again import more oil than we did in 1977—8.5 million barrels a day. This year I am establishing a lower import target of 8.2 million barrels a day. I am prepared to reduce that target in the event that discussions within the International Energy Agency produce a fair and equitable agreement that requires still lower imports. I will impose a fee on purchases of foreign oil if they threaten to exceed the limit that I set.

While international cooperation is essential, so are measures we can take on our own. In accordance with legislation enacted last year the Administration has developed a standby motor fuel rationing plan to deal with major supply interruptions, defined to be a shortfall in supply of 20 percent or more. This plan will be submitted to the Congress in February. But even smaller supply interruptions can cause severe economic problems. We are therefore considering proposals for standby measures to be applied if lesser, but still significant, disruptions occur. The Strategic Petroleum Reserve (SPR) can cushion the impact of an abrupt cutoff in supplies. My budget provides funds for resuming SPR purchases this year if conditions permit.

IMPROVING LABOR MARKETS

The persistence of high unemployment among some groups of workers while jobs go begging and unemployment is low elsewhere is not only a major social problem but a waste of national resources. The lack of skills, the imperfections of the labor market, and in some cases, the discrimination that gives rise to this situation, reduce national productivity and contribute to inflation.

Although our labor market currently works quite well for most people, it does not work well for disadvantaged and minority youth. In recognition of this fact, I have recently sent to the Congress proposals designed to deal with teenage unemployment.

The goals of my proposals are:

To teach basic skills in the secondary schools to those youths who did not master them in elementary school and who need special help;

To provide part-time employment and training to dropouts if they participate in long-term training to develop skills that will improve their prospects; and

To provide intensive long-term training aimed at helping older youths out of school find jobs in the private sector.

The funds will go largely to poor rural areas and central cities, where youth unemployment is particularly high because of inadequate education, and where local resources are insufficient to rectify the problem.

Another segment of the labor force needing special assistance is the working poor. The welfare reforms which I have sent to the Congress will provide training, help in seeking jobs, and work opportunities for poor but employable persons.

REFORMING REGULATION

Regulation has joined taxation, defense, and the provision of social services as one of the principal activities of the government. Unneeded regulations, or necessary regulations that impose undue burdens, lower efficiency and raise costs.

For the past 3 years I have vigorously promoted a basic approach to regulatory reform: unnecessary regulation, however rooted in tradition, should be dismantled and the role of competition expanded; necessary regulation should promote its social objectives at minimum cost.

Working with the Congress we have deregulated the airline industry. We are now cooperating with congressional committees to complete work on fair and effective legislation that eliminates costly elements of regulation in the trucking, railroad, communications, and financial industries.

Within the executive branch, we are improving the quality and lowering the cost of regulations. The Regulatory Council, which I established a year ago, is helping us comprehend the full scope of Federal regulatory activities and how these activities, taken together, affect individual industries and sectors. A number of regulatory agencies are experimenting with new regulatory techniques that promise to achieve regulatory goals at substantially lower costs.

INCREASING INVESTMENT AND ENCOURAGING RESEARCH AND DEVELOPMENT

We do not know all of the causes of the slowdown in productivity growth that has characterized our economy in recent years. But we do know that investment and research and development will have to play an important role in reversing the trend.

To meet the Nation's sharply increased requirement for investment in energy production and conservation, to fulfill its commitment to cleaner air and water and improved health and safety in the workplace, and at the same time to provide more and better tools for a growing American work force, our Nation in the coming decade will have to increase the share of its resources devoted to capital investment.

We took one step in this direction in the Revenue Act of 1978, which provided a larger than normal share of tax reduction for investment incentives. Passage of my pending energy legislation will make available major new incentives and financial assistance for investment in the production and conservation of energy. When economic conditions become appropriate for further tax reduction, I believe we must direct an important part of any tax cut to the provision of further incentives for capital investment generally.

One of the most important factors in assuring strong productivity growth is a continuing flow of new ideas from industry. This flow depends in the first instance on a strong base of scientific knowledge. The most important source of such knowledge is basic research, the bulk of which is federally funded.

Between 1968 and 1975 Federal spending for basic research, measured in constant dollars, actually fell. But since that latter year, and especially during the years of my Administration, Federal support for basic research has increased sharply. In spite of the generally tight economic situation, the 1981 budget I am submitting to the Congress calls for yet another substantial increase in real Federal support for basic research. Even during a period of economic difficulties, we cannot afford to cut back on the basis for our future prosperity.

AGRICULTURE

Because the worldwide demand for food has grown substantially, overproduction is no longer the primary problem in agriculture. Government policies now seek to encourage full production, while cushioning the American economy and the American farmer from the sharp swings in prices and incomes to which the farm sector is often subject. Over the past several years my Administration has created a system of farmer-owned grain reserves to supplement the loan and target-price approach to farm income stabilization. In periods of low prices and plentiful supplies, incentives are provided to place grain in the reserves, thereby helping to support farm income. The incentives also work to hold the grain in reserve until prices rise significantly, at which time the grain begins to move out into the market, helping to avoid or to moderate the inflationary consequences of a poor crop.

Over this last year, the reserve has been tested twice. When fears of poor world harvests threatened to drive grain prices to extraordinarily high levels last spring and summer, farmers sold grain from the reserve, limiting the price rise. Since I suspended grain shipments to the Soviet Union this month in response to that country's brutal invasion of Afghanistan, increased incentives to place grain in reserve have been serving as one of our main defenses to protect farmers from precipitous declines in prices.

THE INTERNATIONAL ECONOMY

Other countries besides our own suffered important setbacks in 1979 from the dramatic increase in oil prices. Growth prospects worsened, inflation increased, and balance of payments deficits rose. In such difficult times economic cooperation between nations is especially important. Joint action among oil-consuming countries is needed to reduce the pressure of demand on supply and to restore order in world petroleum markets. Cooperation is necessary to protect international financial markets against potential disruptions arising from the need to finance massively increased payments for oil. And cooperation is also necessary to prevent a destructive round of protectionism.

Because the dollar is the major international store of value and medium of exchange, the stability of international financial markets is closely linked to the dollar's strength. The actions taken in November 1978 by the United States and our allies to strengthen and stabilize the dollar worked well during the past year. That the dollar did well despite accelerating domestic inflation is due in part to a significant improvement in our current account balance during 1979. U.S. exports grew rapidly and thus helped to offset rising payments for oil. During the autumn of 1979, however, the dollar came under downward pressure. The October actions of the Federal Reserve Board to change the techniques of monetary policy helped moderate inflationary expectations which had been partly responsible for the pressure on the dollar. As a Nation we must recognize the importance of a stable dollar, not just to the United States but to the world economy as a whole, and accept our responsibility to pursue policies that contribute to this stability.

The Multilateral Trade Negotiations of the Tokyo Round were successfully completed and became law in the United States during 1979. These trade agreements are a major achievement for the international economy. By lowering tariff barriers both in the United States and abroad, they will help increase our exports and provide Americans with access to foreign goods at lower prices. Perhaps more important, these agreements will limit restrictive and unfair trade practices and provide clearer remedies where there is abuse. They cannot, by themselves, assure smooth resolution of all trade issues. Indeed, the real test will come as we begin to carry them out. Nevertheless the agreements reached last year do represent a clear commitment to the preservation and enhancement of an open system of world trade.

CONCLUSION

The 1970s were a decade of economic turmoil. World oil prices rose more than tenfold, helping to set off two major bouts of inflation and the worst recession in 40 years. The international monetary system had to make a difficult transition from fixed to floating exchange rates. In agriculture a chronic situation of oversupply changed to one which alternates between periods of short and ample supplies.

It was an inflationary decade. It brought increased uncertainty into business and consumer plans for the future.

We are now making the adjustment to the realities of the economic world that the 1970s brought into being. It is in many ways a more difficult world than the one that preceded it. Yet the problems it poses are not insuperable.

There are no economic miracles waiting to be performed. But with patience and self-discipline, combined with some ingenuity and care, we can deal successfully with the new world. The 1980s can be a decade of lessened inflation and healthy growth.

JIMMY CARTER.

JANUARY 30, 1980.

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 7:23 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 4320. An Act to consent to the amended Bear River Compact between the States of Utah, Idaho, and Wyoming.

The message also announced that the Speaker has appointed Mr. WAMPLER as an additional manager in the conference on the part of the House on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 932) to extend the Defense Production Act of 1950; and that the Speaker has appointed Mr. OTTINGER and Mr. MOFFETT as additional managers on the part of the House solely for the consideration of title V of the Senate amendment and modifications thereof committed to conference, and Mr. NEAL and Mr. KRAMER as additional managers on the part of the House solely for the consideration of title IX of the Senate amendment and modifications thereof committed to conference.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHURCH, from the Committee on Foreign Relations, without amendment:

S. Res. 344. A resolution commending the Government of Canada for its actions with respect to certain United States citizens in Iran.

By Mr. CRANSTON, from the Committee on Veterans' Affairs, without amendment:

S. Res. 345. An original resolution authorizing additional expenditures by the Committee to Veterans' Affairs. Referred to the Committee on Rules and Administration.

By Mr. JACKSON, from the Committee on Energy and Natural Resources, without amendment:

S. Res. 346. An original resolution authorizing additional expenditures by the Committee on Energy and Natural Resources for inquiries and investigations. Referred to the Committee on Rules and Administration.

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. Res. 347. An original resolution authorizing additional expenditures by the Committee on Rules and Administration for inquiries and investigations (Rept. No. 96–559).

S. Res. 348. An original resolution to pay a gratuity to Angelina C. Beckmann.

S. Res. 349. An original resolution to pay a gratuity to Carolyn Watson and Abraham G. Watson.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. Res. 350. An original resolution authorizing additional expenditures by the Committee on the Judiciary for inquiries and investigations. Referred to the Committee on Rules and Administration.

By Mr. THURMOND (for Mr. KENNEDY), from the Committee on the Judiciary, without amendment but with a preamble:

S.J. Res. 130. A joint resolution to authorize and request the President to proclaim May 1, 1980, as "National Save the Children Day" (Rept. No. 96–560).

By Mr. THURMOND (for Mr. KENNEDY), from the Committee on the Judiciary, with an amendment and an amendment to the title:

S.J. Res. 19. A joint resolution to authorize the President to issue a proclamation designating March 1979 as "Youth Art Month" (Rept. No. 96–561).

By Mr. ROBERT C. BYRD, from the Committee on Rules and Administration:

Special Report Relating to Consolidation of Certain Standing Rules of the Senate (Rept. No. 96–562).

REFERRAL OF S. 2040

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. PROXMIRE, I ask unanimous consent that S. 2040, the Small Business Export Expansion Act, introduced by Mr. NELSON and other Senators on November 26, 1979, and referred to the Committee on Small Business, if and when it is reported that it be referred to the Committee on Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PROXMIRE:

S. 2236. A bill to amend the Currency and Foreign Transactions Reporting Act to provide for more efficient enforcement, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CHURCH:

S. 2237. A bill to amend the Colorado River Basin Project Act to prohibit any Federal official from undertaking reconnaissance studies of any plan for the importation of water into the Colorado River Basin; to the Committee on Energy and Natural Resources.

By Mr. CANNON (for himself, Mr. STEVENSON, and Mr. SCHMITT) (by request):

S. 2238. A bill to authorize a supplemental appropriation to the National Aeronautics and Space Administration for research and development; to the Committee on Commerce, Science, and Transportation.

By Mr. PACKWOOD (for himself, Mr. NELSON, and Mr. CRANSTON):

S. 2239. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options; to the Commitee on Finance.

By Mr. CANNON (for himself, Mr. STEVENSON, and Mr. SCHMITT) (by request):

S. 2240. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. COCHRAN:

S. 2241. A bill for the relief of Vernon Myers; to the Committee on the Judiciary.

By Mr. ROTH:

S. 2242. A bill to amend the Internal Revenue Code of 1954 to provide for a 50 percent maximum rate of income tax for individuals, to provide for a separate computation of such tax on personal service income and nonpersonal service income, and for other purposes; to the Committee on Finance.

By Mr. SASSER:

S.J. Res. 136. Joint resolution to designate the month of March 1980 as Gospel Music Month; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PROXMIRE:

S. 2236. A bill to amend the Currency and Foreign Transactions Reporting Act to provide for more efficient enforcement, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. PROXMIRE. Mr. President, I am introducing legislation to close loopholes in the Bank Secrecy Act that hinder the ability of Federal law enforcement authorities to investigate narcotics trafficking, tax evasion and other criminal activities. The purpose of the act is twofold: To establish the documentary evidence necessary to allow Federal agencies to reconstruct financial transactions and the movement of currency and to alert them to unusual money flows that might warrant investigation. The act requires that banks report large financial transactions. In addition, any person who transports more than $5,000 out of or into the United States must file a report with the U.S. Customs Service.

The law has two serious gaps, however. First, while the statute makes it illegal for a person to leave the country with more than $5,000 without having filed a report, a Federal court has held that the law does not make the attempt to leave the country illegal. This has created a "Catch 22" paradox in which an individual violates the law only when he actually leaves U.S. territorial limits. At that time, however, he can neither be arrested nor prosecuted since he is outside of U.S. jurisdiction.

Second, a Customs officer who has probable cause to believe that a person is taking over $5,000 out of the country without filing a report must first obtain a search warrant before looking for the unreported money. In most instances, however, the suspect has gone by the time the warrant is obtained, thus making it impossible for Federal authorities to discover whether or not the law is being violated.

The bill being introduced would amend the Bank Secrecy Act, formally known as the Currency and Foreign Transactions Reporting Act, to give Federal agencies the full authority that they were intended to have. Specifically, the bill would:

Make it illegal to attempt to leave the United States with more than $5,000 without filing the reports required under the present law. This would make it possible for Customs officials to apprehend suspects before they left U.S. jurisdiction; and

Allow Customs officials to search for unreported amounts of currency or monetary instruments without first obtaining a search warrant where there is reasonable cause to believe that the money is being taken illegally out of the country.

In addition, it would amend the law to tighten the conditions under which Federal authorities could seize money that was transported into or out of the United States without the required reports being filed. The aim is to protect the innocent traveler who unknowingly fails to file the required report from having his or her money seized. The act currently says that any instrument of more than $5,000 brought into or taken out of the country without being reported is subject to "seizure and forfeiture." In practice, the Treasury Department follows internal guidelines that state that "seizures/forfeitures should be made *only* if the regulations have been *knowingly* violated." (Emphasis included.) My amendment would simply incorporate that standard into the seizure section of the act.

The bill would also add a new section to the law authorizing the Secretary of the Treasury to give informants a share of the unreported money that was or was attempted to be taken illegally out of the United States if they provide information that leads to the recovery of the money. Awards would be authorized only when the Government realized an actual recovery of more than $50,000 or more through fines, penalty or forfeiture. This step hopefully will give informants further incentive to report cash smuggling to Federal officials.

These proposed changes have been endorsed by the Justice and Treasury Departments. Companion legislation has already been submitted in the House.

Mr. President, I ask unanimous consent that the proposed legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2236

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 231 (a) (1) of the Currency and Foreign Transactions Reporting Act (31 U.S.C. 1101 (a) (1)) is amended by inserting ", or attempts to transport or have transported," before "monetary instruments—".

SEC. 2. Section 232 (a) of the Currency and Foreign Transactions Reporting Act (31 U.S.C. 1102 (a)) is amended by inserting before the period at the end thereof the following: ", except that in the case of a failure to file a required report, this subsection shall apply only if the person required to file the report knowingly fails to file the report".

SEC. 3. Section 235 of the Currency and Foreign Transactions Reporting Act (31 U.S.C. 1105) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

"(b) Any customs officer may stop, search, and examine without a search warrant, any vehicle, vessel, aircraft, or other conveyance, envelope or other container, or person entering or departing from the United States on which or on whom such officer has reasonable cause to believe there are being transported monetary instruments for which a report is required under section 231 of this title.".

SEC. 4. (a) Chapter 1 of the Currency and Foreign Transactions Reporting Act is amended by adding at the end thereof the following:

"§214. Rewards for informants

"(a) The Secretary is authorized to pay a reward to any individual who provides original information which leads to a recovery of a criminal fine, civil penalty, forfeiture, which exceeds $50,000, for any violation of this title or any regulation issued hereunder.

"(b) The amount of any reward under this section shall be determined by the Secretary, but shall not exceed 25 per centum of the net amount of the fine, penalty, or forfeiture collected or $250,000, whichever is less.

"(c) Any officer or employee of the United States or of any State or local government who provides information described in subsection (a) in the performance of official duties is not eligible for a reward under this section.

"(d) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.".

(b) The analysis of such chapter is amended by adding at the end thereof the following:

"214. Rewards for informants.".

By Mr. CHURCH:

S. 2237. A bill to amend the Colorado River Basin Project Act to prohibit any Federal official from undertaking reconnaissance studies of any plan for the importation of water into the Colorado River Basin; to the Committee on Energy and Natural Resources.

PROHIBITING WATER DIVERSION PROPOSALS

● Mr. CHURCH. Mr. President, today I am introducing legislation which extends the current prohibition banning the Secretary of the Department of Interior from undertaking studies of any plan for the importation of water into the Colorado River Basin to cover all Federal officials.

Periodically, proposals have been made to divert water from the Pacific Northwest to other areas. The fact of the matter is that water is extremely precious and already in short supply within the Pacific Northwest. Available water is already claimed. There is no water to spare. It takes very strenuous efforts to conserve and make do with already limited supplies of this vital resource.

In 1968 proposals were made to divert water from the Columbia River Basin to the Colorado River Basin. At that time I authored legislation which specifically prohibited the Secretary of Interior from undertaking any studies, either reconnaissance or feasibility, of any such interbasin transfers. Congress approved this 10-year moratorium, and extended it in 1978 for another decade.

This current moratorium is directed at the Department of Interior because it is the Federal agency with programmatic authority concerning major water projects in the Western States.

It is now necessary to make it clear to other Federal agencies that Congress intends to prohibit such interbasin transfer studies. It has come to my attention that the Environmental Protection Agency, during the course of a larger study of western water, has engaged in the study of potential transfers of water from the Columbia River Basin and its tributaries, to the Colorado River Basin. I am told that a draft of this study, performed under EPA contract by the University of Oklahoma, was presented last week before a meeting of the Western States Water Council in San Antonio, Tex.

This development points to the necessity for enactment of legislation to spell it out to other Federal officials, beyond the Department of Interior, that the study of transferring water from the Pacific Northwest to other areas is banned. Passage of this legislation will put an end to Federal agencies attempting to do what current law clearly prohibits the Department of Interior from doing. I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2237

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso contained in section 201 of the Colorado River Basin Project Act (43 U.S.C. 1511) is amended by striking out "the Secretary" and inserting in lieu thereof "any Federal official".●

By Mr. CANNON (for himself, Mr. STEVENSON, and Mr. SCHMITT) (by request):

S. 2238. A bill to authorize a supplemental appropriation to the National Aeronautics and Space Administration for research and development; to the Committee on Commerce, Science, and Transportation.

● Mr. CANNON. Mr. President, I introduce today, at the request of the National Aeronautics and Space Administration, and on behalf of myself and my colleagues, Mr. STEVENSON and Mr. SCHMITT, a bill to authorize a supplemental appropriation to the National Aeronautics and Space Administration for research and development for fiscal year 1980.

I ask unanimous consent that the text of the bill, the letter of transmittal, and the sectional analysis be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2238

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of subsection 1(a) of the National Aeronautics and Space Administration Authorization Act, 1980 (Public Law 96–48), is amended by striking out "$1,586,000,000" and inserting in lieu thereof "$1,886,000,000."

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
Washington, D.C., January 28, 1980.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Submitted herewith is a draft of a bill, "To authorize a supplemental appropriation to the National Aeronautics and Space Administration for Research and Development," together with the analysis thereof.

The bill would authorize an additional appropriation for "Research and Development" for Space Shuttle totaling $300,000,000. The additional funding is required in FY 1980 to sustain the Space Shuttle development efforts required to achieve a first orbital flight by the end of the year, while allowing for the buildup of follow-on orbiter production activities on schedule to meet critical civil and military operational requirements. The funding requirement is due primarily to increased efforts in completing systems installation and test, particularly the thermal protection system, and pre-launch processing of the first orbital vehicle and in systems qualification and certification testing across all elements of the program. These increased efforts have required more work than was planned resulting in a delay of the first manned orbital flight from the previous schedule of March 1980.

The National Aeronautics and Space Administration recommends that the enclosed draft bill be enacted. The Office of Management and Budget has advised that such enactment would be in accord with the program of the President.

Very truly yours,

ROBERT A. FROSCH,
Administrator.

SECTIONAL ANALYSIS

The bill increases the authorization for Research and Development for Space Shuttle, for fiscal year 1980, from $1,586,000,000 to $1,886,000,000.

The supplemental authorization will be subject to the same conditions and limitations contained in the National Aeronautics and Space Administration Authorization Act, 1980 (Public Law 96–48).●

By Mr. PACKWOOD (for himself, Mr. NELSON, and Mr. CRANSTON):

S. 2239. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options; to the Committee on Finance.

INCENTIVE STOCK OPTIONS

● Mr. PACKWOOD. Mr. President, Senator NELSON and I have been joined by our distinguished colleague from Cali-

fornia, Senator CRANSTON, in introducing legislation which would create a new category of stock options called "incentive stock options." This new class of stock options features those provisions, taken from both the pre-1964 laws governing restricted stock options and the later qualified options, which offer the greatest incentives and safeguards. This bill promotes productivity by restoring a valuable form of noncash compensation that both lowers labor costs and resulting product prices while motivating superior performance by employees. It would give more people a vested interest in their firm and enable small, growing companies to compete with large, established corporations in attracting top-caliber employees.

THE PRODUCTIVITY PROBLEM

In the past decade, the United States has experienced a serious and steady decline in its productivity growth rate. It has become clear that this drop is not a temporary aberration or a cyclical phenomenon. The economic implications of lagging productivity growth make it essential for Congress to act to reverse this trend.

The move to stimulate the supply of resources and output in the economy received a boost last year. After years of consumption-oriented tax measures, 1978 saw Congress focus on a tax policy designed to stimulate economic growth and capital formation. This was an excellent beginning. But as the Joint Economic Committee recently concluded:

Some of the tax changes in the Revenue Act of 1978 will stimulate investment. But these are not sufficient.

Incentive stock options allow a further step in the direction of greater productivity growth by making it easier for new companies to start up and grow.

ROLE OF SMALL BUSINESS

Small, growing companies provide more than their share of technological innovation and job growth. Then can continue to contribute this sort of economic dynamism, however, only if they are successful in attracting and motivating highly talented employees.

Incentive stock options significantly improve the ability of young companies to compete successfully for capable individuals. These smaller businesses are often unable to offer the job security or the salary levels that are available in larger corporations. But since the stock of smaller companies often grows at a more rapid pace than larger companies, stock options in these businesses can be extremely attractive, thereby providing an incentive for talented individuals to risk their careers in the uncertainties of a new venture.

LEGISLATIVE HISTORY

In the past, there has been some degree of controversy over stock options. Until the early sixties, companies could offer such incentives in the form of restricted stock options. In 1963, the Kennedy administration recommended that these provisions be repealed. The administration argued that since individuals were taxed on personal service income at rates up to 92 percent, but long-term capital gains were taxed at only 25 percent, stock options allowed too much conversion of ordinary income into capital gains. Congress first limited the value of options, creating the "qualified stock option" in 1964, then phased out all stock option preferences in 1976.

Today, circumstances are considerably different. Changes in the tax code have drastically reduced the sheltering effects of stock options. The maximum tax rate on personal service income is now 50 percent and the capital gains rate, as a result of actions taken last year, now stands at a maximum of 28 percent. As I will explain in more detail later, the effect of the change is that stock options now can be reinstated at no net cost to the Treasury. In fact, a revenue gain will result after the first couple of years following enactment of the bill.

EXPLANATION OF PROVISIONS

Current tax law authorizes only so-called "non-qualified options." When employees exercise these options, they must pay income tax—at ordinary income rates—on the paper profit (or "spread") between their option price and the market price when they buy. This cost and risk of loss on a "profit" never realized has forced most companies to turn from stock options to straight cash compensation and stock purchase plans. These cost companies more and motivate employees less.

This bill creates a new category of stock options called incentive stock options. It incorporates what we believe to be the best features and safeguards of both the "pre-64" restricted option and the later qualified options. Employees would not be required to pay tax at the time they exercise these options. Since any spread would not be treated as personal service income to the employee at the time of exercise, the company would not be able to deduct it as compensation. The employee could then be eligible for capital gain treatment when the stock is sold. As under present law, the employer would not have a deduction at the time the employee sells the stock.

In order to be treated as an incentive stock option plan, the following rules must be met:

First. The option must be issued at 100 percent of its fair market value. However, if a good faith effort is made to issue the stock at not less than its fair market value, but it is later determined to be undervalued, the option will still be treated as an incentive stock option. This provision helps avoid the imposition of drastic consequences on employees as a result of inadvertent undervaluation of the stock by the employer.

Second. The option can be exercised up to 10 years after issuance, as with restricted stock options. Rules for qualified options allowed only 5 years.

Third. Shareholder approval is required, as in the case of qualified stock options.

Fourth. As was true for restricted options, employees would be permitted to exercise the options in any sequence. Qualified options rules required options to be exercised in the order granted.

Fifth. To qualify for long-term capital gain treatment, the employee would be required to hold the stock 2 years after the company had granted the option and 1 year after the employee had exercised the option. This is similar to rules governing restricted stock options. If the stock is sold within 2 years, ordinary income would be realized up to the lesser of the gain or the spread between the option price and the value of the stock at the time of exercise, as with qualified options

Sixth. Similar to qualified options, the optionee must be an employee continuously from grant to 3 months prior to exercise.

Seventh. At grant, the employee may not own more than 10 percent of the voting power or value of the stock of the company, unless the option price is at least 110 percent of the fair market value. This is similar to the rules for restricted options. In contrast, qualified stock guidelines did not permit the employee to own more than 10 percent of the voting power or stock value if the equity capital is $1 million or less, decreasing to 5 percent of the equity capital is $2 million or over.

Eighth. Variable options are permitted, as under restricted options.

Ninth. As with both restricted and qualified options, options issued would not be transferable other than at death and would be exercisable during the employee's lifetime only by the employee.

REVENUE EFFECT

As I stated briefly before, such stock options can be reinstated at no net cost to the Federal Government. The Joint Committee on Taxation has determined that this bill, after possible miniscule revenue losses in the first 3 years after its enactment, will result in a revenue gain. For example, the committee estimates that the revenue increase will approximate $15 million in fiscal year 1984 and $30 million in fiscal year 1985.

We look forward to working with other Senators, the Department of the Treasury and the public to consider any improvements in this important piece of legislation.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2239

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part II of subchapter D of chapter 1 of the Internal Revenue Code of 1954 (relating to certain stock options) is amended by adding after section 422 the following new section:

"SEC. 422A. INCENTIVE STOCK OPTIONS.

"(a) IN GENERAL.—Section 421 (a) shall apply with respect to the transfer of a share of stock to an individual pursuant to his exercise of an incentive stock option if—

"(1) no disposition of such share is made by him within 2 years from the date of the granting of the option nor within 1 year after the transfer of such share to him, and

"(2) at all times during the period beginning with the date of the granting of the option and ending on the day 3 months before the date of such exercise, such individ-

ual was an employee of either the corporation granting such option, a parent or subsidiary corporation of such corporation, or a corporation or a parent or subsidiary corporation of such corporation issuing or assuming a stock option in a transaction to which section 425(a) applies.

"(b) INCENTIVE STOCK OPTION.—For purposes of this part, the term 'incentive stock option' means an option granted to an individual for any reason connected with his employment by a corporation, if granted by the employer corporation or its parent or subsidiary corporation, to purchase stock of any of such corporations, but only if—

"(1) the option is granted pursuant to a plan which includes the aggregate number of shares which may be issued under options, and the employees (or class of employees) eligible to receive options, and which is approved by the stockholders of the granting corporation within 12 months before or after the date such plan is adopted;

"(2) such option is granted within 10 years from the date such plan is adopted, or the date such plan is approved by the stockholders, whichever is earlier;

"(3) such option by its terms is not exercisable after the expiration of 10 years from the date such option is granted;

"(4) the option price is not less than the fair market value of the stock at the time such option is granted;

"(5) such option by its terms is not transferable by such individual otherwise than by will or the laws of descent and distribution, and is exercisable, during his lifetime, only by him; and

"(6) such individual, at the time the option is granted, does not own stock possessing more than 10 percent of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation.

Paragraph (6) shall not apply if at the time such option is granted the option price is at least 110 percent of the fair market value of the stock subject to the option and such option by its terms is not exercisable after the expiration of 5 years from the date such option is granted. For purposes of paragraph (6), the provisions of section 425(d) shall apply in determining the stock ownership of an individual.

"(c) SPECIAL RULES.—

"(1) EXERCISE OF OPTION WHEN PRICE IS LESS THAN VALUE OF STOCK.—If a share of stock is transferred pursuant to the exercise by an individual of an option which would fail to qualify as an incentive stock option under subsection (b) because there was a failure in an attempt, made in good faith, to meet the requirement of subsection (b)(4), the requirement of subsection (b)(4) shall be considered to have been met.

"(2) VARIABLE PRICE OPTION.—

"(A) IN GENERAL.—For purposes of subsection (b)(4), the option price of a variable price option shall be computed as if the option had been exercised when granted.

"(B) DEFINITION.—For purposes of this paragraph, the term 'variable price option' means an option under which the purchase price of the stock is fixed or determinable under a formula in which the only variable is the fair market value of the stock at any time during a period of 1 year which includes the time the option is exercised; except that such term does not include any such option in which such formula provides for determining such price by reference to the fair market value of the stock at any time before the option is exercised if such value may be greater than the average fair market value of the stock during the calendar month in which the option is exercised.

"(3) CERTAIN DISQUALIFYING DISPOSITIONS WHERE AMOUNT REALIZED IS LESS THAN VALUE AT EXERCISE.—If—

"(A) an individual who has acquired a share of stock by the exercise of an incentive stock option makes a disposition of such share within the 2-year period described in subsection (a)(1), and

"(B) such disposition is a sale or exchange with respect to which a loss (if sustained) would be recognized to such individual,

then the amount which is includible in the gross income of such individual, and the amount which is deductible from the income of his employer corporation, as compensation attributable to the exercise of such option shall not exceed the excess (if any) of the amount realized on such sale or exchange over the adjusted basis of such share.

"(4) CERTAIN TRANSFERS BY INSOLVENT INDIVIDUALS.—If an insolvent individual holds a share of stock acquired pursuant to his exercise of an incentive stock option, and if such share is transferred to a trustee, receiver, or other similar fiduciary in any proceeding under the Bankruptcy Act or any other similar insolvency proceeding, neither such transfer, nor any other transfer of such share for the benefit of his creditors in such proceeding, shall constitute a disposition of such share for purposes of subsection (a)(1).".

(b)(1) Section 421(a) of such Code (relating to general rules in the case of stock options) is amended by inserting "422A(a)," after "422(a),".

(2) Section 425(d) of such Code (relating to attribution of stock ownership) is amended by inserting "422A(b)(6)," after "422(b)(7),".

(3) Section 425(g) of such Code (relating to special rules) is amended by inserting "422A(a)(2)," after "422(a)(2),".

(4) Section 425(h)(3)(B) of such Code (relating to definition of modification) is amended by inserting "422A(b)(5)," after "422(b)(6),".

(5) Section 6039 of such Code (relating to information required in connection with certain options) is amended—

(A) by inserting ", an incentive stock option," after "qualified stock option" in subsection (a)(1),

(B) by inserting "incentive stock option," after "qualified stock option," in the second sentence of subsection (a), and

(C) by adding at the end of subsection (d) the following new paragraph:

"(4) The term 'incentive stock option', see section 422A(b).".

(6) The table of sections for part II of subchapter D of chapter 1 of such Code is amended by inserting after the item relating to section 422 the following new item:

"422A. Incentive stock options.".

SEC. 2. The amendments made by this Act shall apply with respect to options granted after the date of enactment.●

By Mr. CANNON (for himself, Mr. STEVENSON, and Mr. SCHMITT) (by request):

S. 2240. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Commerce, Science, and Transportation.

● Mr. CANNON. Mr. President, I introduce today, at the request of the National Aeronautics and Space Administration, and on behalf of myself and my colleagues, Mr. STEVENSON and Mr. SCHMITT, a bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes for fiscal year 1981.

I ask unanimous consent that the text of the bill, the letter of transmittal and the sectional analysis be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2240

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the National Aeronautics and Space Administration to become available October 1, 1980:

(a) For "Research and development," for the following programs:

(1) Space Shuttle, $1,873,000,000;

(2) Space flight operations, $809,500,000;

(3) Expendable launch vehicles, $55,700,000;

(4) Physics and astronomy, $438,700,000;

(5) Planetary exploration, $179,600,000;

(6) Life sciences, $49,700,000;

(7) Space applications, $381,700,000;

(8) Technology utilization, $13,100,000;

(9) Aeronautical research and technology, $290,300,000;

(10) Space research and technology, $115,200,000;

(11) Energy technology, $4,000,000; and

(12) Tracking and data acquisition, $359,000,000.

(b) For "Construction of facilities," including land acquisition, as follows:

(1) Construction of man-vehicle systems research facility, Ames Research Center, $7,480,000;

(2) Modification of steam ejector system and thermal protection laboratory, Ames Research Center, $2,300,000;

(3) Modification of the unitary plan wind tunnel, Ames Research Center, $3,400,000;

(4) Modifications to various buildings for energy conservation, Jet Propulsion Laboratory, $1,500,000;

(5) Modifications to various buildings for seismic protection, Jet Propulsion Laboratory, $2,000,000;

(6) Rehabilitation of high temperature hot water system, zone 2, industrial area, John F. Kennedy Space Center, $760,000;

(7) Modifications for avionics integration research laboratory, Langley Research Center, $5,756,000;

(8) Modifications to aircraft landing dynamics facility, Langley Research Center, $15,000,000;

(9) Rehabilitation and modification of gas dynamics laboratory, Langley Research Center, $2,000,000;

(10) Decommissioning of Plum Brook Station Reactor facility, Lewis Research Center, $3,000,000;

(11) Modifications to central air system, various buildings, Lewis Research Center, $7,655,000;

(12) Rehabilitation of electrical switchgear, engine research building, Lewis Research Center, $1,700,000;

(13) Rehabilitation of roof, Phase II, Building 103, Michoud Assembly Facility, $3,800,000;

(14) Rehabilitation of chilled water system, Michoud Assembly Facility, $782,000;

(15) Various locations as follows:

(A) Modification of 26-meter antenna, DSS–44, Canberra, Australia, $1,200,000;

(B) Replacement of azimuth radial bearing, DSS–14, Goldstone, CA., $950,000;

(16) Space Shuttle facilities at various locations as follows:

(A) Modification of manufacturing and final assembly facilities for external tanks, Michoud Assembly Facility, $5,400,000;

(B) Modifications to solid rocket motor manufacturing and assembly facilities, Thiokol plant, Wasatch, Utah, $2,700,000;

(C) Minor Shuttle-unique projects, various locations, $2,000,000;

(17) Space Shuttle payload facility: Rehabilitation and modification for payload ground support operations, John F. Kennedy Space Center, $1,617,000;

(18) Repair of facilities at various locations, not in excess of $500,000 per project, $15,000,000;

(19) Rehabilitation and modification of facilities at various locations, not in excess of $500,000 per project, $20,000,000;

(20) Minor construction of new facilities and additions to existing facilities at various locations, not in excess of $250,000 per project, $4,000,000; and

(21) Facility planning and design not otherwise provided for, $10,000,000.

(c) For "Research and program management," $1,047,154,000 and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

(d) Notwithstanding the provisions of subsection 1(g), appropriations for "Research and development" may be used (1) for any items of a capital nature (other than acquisition of land) which may be required at locations other than installations of the Administration for the performance of research and development contracts, and (2) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities; and title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used in accordance with this subsection for the construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee has notified the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified and to the extent provided in an appropriation Act, (1) any amount appropriated for "Research and development" or for "Construction of facilities" may remain available without fiscal year limitation, and (2) maintenance and operation of facilities, and support services contracts may be entered into under the "Research and program management" appropriation for periods not in excess of 12 months beginning at any time during the fiscal year.

(f) Appropriations made pursuant to subsection 1(c) may be used, but not to exceed $25,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

(g) Of the funds appropriated pursuant to subsections 1(a) and 1(c), not in excess of $75,000 for each project, including collateral equipment, may be used for construction of new facilities and additions to existing facilities, and for repair, rehabilitation, or modification of facilities: *Provided*, That, of the funds appropriated pursuant to subsection 1(a), not in excess of $250,000, for each project, including collateral equipment, may be used for any of the foregoing for unforeseen programmatic needs.

SEC. 2. Authorization is hereby granted whereby any of the amounts prescribed in paragraphs (1) through (20), inclusive, of subsection 1(b)—

(1) in the discretion of the Administrator or his designee, may be varied upward 10 percent, or

(2) following a report by the Administrator or his designee to the Committee on Science and Technology of the House of Representative and the Committee on Commerce, Science, and Transportation of the Senate on the circumstances of such action, may be varied upward 25 percent.

to meet unusual cost variations, but the total cost of all work authorized under such paragraphs shall not exceed the total of the amounts specified in such paragraphs.

SEC. 3. Not to exceed one-half of 1 percent of the funds appropriated pursuant to subsection 1(a) hereof may be transferred to the "Construction of facilities" appropriation, and, when so transferred, together with $10,000,000 of the funds appropriated pursuant to subsection 1(b) hereof (other than funds appropriated pursuant to paragraph (21) of such subsection) shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in subsection 1(b)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations unless (A) a period of 30 days has passed after the Administrator or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and to the Committee on Science and Technology of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete statement concerning (1) the nature of such construction, expansion, or modification, (2) the cost thereof including the cost of any real estate action pertaining thereto, and (3) the reason why such construction, expansion, or modification is necessary in the national interest, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 4. Notwithstanding any other provision of this Act—

(1) no amount appropriated pursuant to this Act may be used for any program deleted by the Congress from requests as originally made to either the House Committee on Science and Technology or the Senate Committee on Commerce, Science, and Transportation,

(2) no amount appropriated pursuant to this Act may be used for any program in excess of the amount actually authorized for that particular program by subsections 1(a) and 1(c), and

(3) no amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of either such committee,

unless (A) a period of 30 days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Administrator or his designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 5. It is the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible, and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

SEC. 6. In addition to the amounts authorized to be appropriated under section 1 of this Act, there is hereby authorized to be appropriated to the National Aeronautics and Space Administration, to be available no earlier than October 1, 1981, such sums as may be necessary:

(a) For "Research and development,"

(b) For "Construction of facilities,"

(c) For "Research and program management."

All of the limitations and other provisions of this Act which are applicable to amounts appropriated pursuant to subsections (a), (b), and (c) of section 1 of this Act shall apply in the same manner to amounts appropriated pursuant to subsections (a), (b), and (c), respectively, of this section.

SEC. 7. This Act may be cited as the "National Aeronautics and Space Administration Authorization Act, 1981."

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION,
Washington, D.C., January 28, 1980.

HON. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Submitted herewith is a draft of a bill, "To authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes," together with the sectional analysis thereof. It is submitted to the President of the Senate pursuant to Rule VII of the Standing Rules of the Senate.

Section 4 of the Act of June 15, 1959, 73 Stat. 75 (42 U.S.C. 2460), provides that no appropriation may be made to the National Aeronautics and Space Administration unless previously authorized by legislation. It is a purpose of the enclosed bill to provide such requisite authorization in the amounts and for the purposes recommended by the President in the Budget of the United States Government for fiscal year 1981. For that fiscal year, the bill would authorize appropriations totaling $5,736,654,000 to be made to the National Aeronautics and Space Administration as follows:

(1) for "Research and development" amounts totaling $4.569,500,000;

(2) for "Construction of facilities" amounts totaling $120,000,000; and

(3) for "Research and program management," $1,047,154,000.

In addition, the bill would authorize such sums as may be necessary for fiscal year 1982, i.e., to be available October 1, 1981.

The enclosed draft bill follows generally the format of the National Aeronautics and Space Administration Authorization Act,

1980 (Public Law 96-48). However, the bill differs in substance from the prior Act in several respects.

First, subsections 1(a), 1(b), and 1(c), which would provide the authorization to appropriate for the three NASA appropriations, differ in the dollar amounts and/or the line items for which authorization to appropriate is requested.

Second, section 6 of Public Law 96-48, which added a new section 308 to the National Aeronautics and Space Act of 1958 and amended section 203(c)(13) to increase the amount for which the Administration may settle or adjust claims, has been omitted since those amendments are now permanent law.

Third, in addition to providing authorization of appropriations in the amounts recommended by the President in his Budget for fiscal year 1981, the bill also would provide authorization for such sums as may be necessary for fiscal year 1982. It is specified that all of the limitations and other provisions of the bill applicable to amounts appropriated pursuant to section 1 shall apply in the same manner to amounts appropriated pursuant to section 6.

Finally, the last section of the draft bill, section 7, has been changed to provide that the bill, upon enactment, may be cited as the "National Aeronautics and Space Administration Authorization Act, 1981," rather than "1980."

Where required by section 102(2)(C) of the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4332(2)(C)), and the implementing regulations of the Council on Environmental Quality, environmental impact statements covering NASA installations and the programs to be funded pursuant to this bill have been or will be furnished to the Committee on Commerce, Science, and Transportation, as appropriate.

The National Aeronautics and Space Administration recommends that the enclosed draft bill be enacted. The Office of Management and Budget has advised that such enactment would be in accord with the program of the President.

Very truly yours,

ROBERT A. FROSCH,
Administrator.

SECTIONAL ANALYSIS

SECTION 1

Subsections (a), (b), and (c) would authorize to be appropriated to the National Aeronautics and Space Administration funds, in the total amount of $5,736,654,000, as follows: (a) for "Research and development," a total of 12 program line items aggregating the sum of $4,569,500,000; (b) for "Construction of facilities," a total of 21 line items aggregating the sum of $120,000,000; and (c) for "Research and program management," $1,047,154,000. Subsection (c) would also authorize to be appropriated such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

Subsection 1(d) would authorize the use of appropriations for "Research and development" without regard to the provisions of subsection 1(g) for: (1) items of a capital nature (other than the acquisition of land) required at locations other than NASA installations for the performance of research and development contracts; and (2) grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities. Title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Moreover, each such grant shall be made under such conditions as the Administrator shall find necessary to insure that the United States will receive benefit therefrom adequate to justify the making of that grant.

In either case, no funds may be used for the construction of a facility in accordance with this subsection, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator notifies the Speaker of the House, the President of the Senate and the specified committees of the Congress of the nature, location, and estimated cost of such facility.

Subsection 1(e) would provide that, when so specified and to the extent provided in an appropriation Act, (1) any amount appropriated for "Research and development" or for "Construction of facilities" may remain available without fiscal year limitation, and (2) contracts for maintenance and operation of facilities, and support services may be entered into under the "Research and program management" appropriation for periods not in excess of twelve months beginning at any time during the fiscal year.

Subsection 1(f) would authorize the use of not to exceed $25,000 of the "Research and program management" appropriation for scientific consultations or extraordinary expenses, including representation and official entertainment expenses, upon the authority of the Administrator, whose determination shall be final and conclusive.

Subsection 1(g) would provide that of the funds appropriated for "Research and development" and "Research and program management," not in excess of $75,000 per project (including collateral equipment) may be used for construction of new facilities and additions to existing facilities, and for repairs, rehabilitation, or modification of facilities.

SECTION 2

Section 2 would authorize upward variations of the sums authorized for the "Construction of facilities" line items (other than facility planning and design) of 10 per centum at the discretion of the Administrator or his designee, or 25 per centum following a report by the Administrator or his designee to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the circumstances of such action, for the purpose of meeting unusual cost variations. However, the total cost of all work authorized under these line items may not exceed the total sum authorized for "Construction of facilities" under subsection 1(b), paragraphs (1) through (20).

SECTION 3

Section 3 would provide that not more than one-half of 1 per centum of the funds appropriated for "Research and development" may be transferred to the "Construction of facilities" appropriation and, when so transferred, together with $10,000,000 of the funds appropriated for "Construction of facilities," shall be available for the construction of facilities and land acquisition at any location if the Administrator determines (1) that such action is necessary because of changes in the aeronautical and space program or new scientific or engineering developments, and (2) that deferral of such action until the next authorization Act is enacted would be inconsistent with the interest of the Nation in aeronautical and space activities. However, no such funds may be obligated until 30 days have passed after the Administrator or his designee has transmitted to the Speaker of the House, the President of the Senate and the specified committees of Congress a written report containing a description of the project, its cost, and the reason why such project is necessary in the national interest, or each such committee before the expiration of such 30-day period has notified the Administrator that no objection to the proposed action will be made.

SECTION 4

Section 4 would provide that, notwithstanding any other provision of this Act—

(1) no amount appropriated pursuant to this Act may be used for any program deleted by the Congress from requests as originally made to either the House Committee on Commerce, Science, and Transportation;

(2) no amount appropriated pursuant to this Act may be used for any program in excess of the amount actually authorized for that particular program by subsections 1(a) and 1(c); and,

(3) no amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of either such committee,

unless (A) a period of 30 days has passed after the receipt by the Speaker of the House, the President of the Senate and each such committee of notice given by the Administrator or his designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SECTION 5

Section 5 would express the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

SECTION 6

Section 6 would authorize to be appropriated to the National Aeronautics and Space Administration for fiscal year 1982 such sums as may be necessary: (a) for "Research and development," (b) for "Construction of facilities," and (c) for "Research and program management." All of the limitations and other provisions of the Act applicable to amounts appropriated pursuant to subsections (a), (b), and (c) of section 1 would apply in the same manner to amounts appropriated pursuant to subsections (a), (b), and (c), respectively, of this section.

SECTION 7

Section 7 would provide that the Act may be cited as the National Aeronautics and Space Administration Authorization Act, 1981." ●

By Mr. ROTH:

S. 2242. A bill to amend the Internal Revenue Code of 1954 to provide for a 50-percent maximum rate of income tax for individuals, to provide for a separate computation of such tax on personal service income and nonpersonal service income, and for other purposes; to the Committee on Finance.

SAVINGS EXPANSION ACT

Mr. ROTH. Mr. President, I am today introducing legislation to encourage the savings necessary to expand economic growth in the United States.

We must expand economic growth, and increased savings is critical to economic growth.

Nothing is more important than growth. The basic choice facing the economy is to grow or not to grow. If we had put a modest but sustained growth policy

in place in 1950, the results would by now be enormous. Consider the period 1950 to 1979. In 1979, U.S. GNP reached $2⅓ trillion. It could have been $3½ trillion.

Between 1950 and 1979, the average annual growth of the U.S. economy in real terms was 3.6 percent. Many other major industrialized countries grew at annual real rates averaging in excess of 5.5 percent. If the United States had grown an average 1.5 percent faster each year since 1950, at a rate of just over 5.0 percent, its GNP in 1979 would have been $3½ trillion.

With a $3½ trillion economy, incomes would have been 50-percent higher than they were in 1979. Jobs would have been plentiful. Federal revenues in 1979 would have been $250 billion higher, enough to have provided for a balanced budget, welfare reform, national health insurance, and unquestioned military preeminence, with enough left over to have let us reduce payroll and income taxes instead of raising them. Of course, price stability would have been another spin-off of the growth of real output and the balanced budget.

Faster growth, higher incomes, and plentiful jobs are exactly what the unemployed, underprivileged, and the minorities of this country have been seeking for many years. It is no accident that the greatest gains in income, jobs, and dignity for minority workers have come during period of rapid expansion.

Savings is the key to increased economic growth. Saving, basically, is the amount of each year's GNP left over after immediate consumption. Only the amount saved provides the resources for investing in long-term capital goods, the plant and equipment that expands capacity, increases productivity, and stabilizes prices.

The United States has the lowest rate of saving in the Western World, resulting in the lowest rate of productivity growth, investment, and real wage increases among the major industrialized nations. Personal savings is falling because inflation and high tax rates reduce the real rate of return on savings. As people are pushed into higher tax brackets, they get to keep less of each additional dollars of savings income. Since income from savings is added to earned income, the highest tax rate each taxpayer pays is imposed on his or her savings income. The higher the tax rate individuals face on the additional income from saving, the less likely they are to save. Thus, the present high tax rates discourages new savings, encourage consumption, and force savings away from productive investments into tax-exempt bonds and tax shelters.

The total amount of savings in the United States—personal saving, retained earnings, and depreciation set-asides—has already fallen so low that we are not providing enough investment to keep pace with replacing worn-out machinery and equipping a growing labor force. This is leading to falling productivity, lower real wages and reduced job opportunities. Unless action is taken, we face a decade of stagnation.

Furthermore, millions of taxpayers have purchased bonds and made deposits at low-interest rates in years past, only to find these rates overwhelmed by inflation. Their real rate of return on most stocks and bond is now less than zero, yet is considered to be income and is taxed as such. This is particularly hard on retirees.

In order to encourage additional savings, the tax rates at which additional savings income is taxed must be reduced.

The legislation I am introducing today, which is also being introduced today in the House by Congressman BROWN of Ohio and Congressman ROUSSELOT of California, proposes to reduce the tax rate on additional savings by treating interest and dividend income more equally with earned income.

Specifically, the bill reduces the top marginal tax rate to 50 percent from its current level of 70 percent.

It further provides that earned income and savings income shall be taxed separately, after allowable deductions and exemptions, with the first dollars of each type of income starting in the lowest tax brackets. A limit on eligibility is imposed for those upper income taxpayers with more than $10,000 in certain sheltered "preference" income.

The bill equalizes tax rates for both earned and unearned income at rates ranging from 14 percent to 50 percent. This ends the discrimination against saving which has been in the code since 1969. Currently, "personal service income" faces a maximum tax rate of 50 percent, while savings income faces a top rate of 70 percent. The change will ultimately lead to more Federal revenue, because of a sharp drop in the use of tax shelters as the top rate is reduced.

Furthermore, lower and middle income tax rates on savings income are reduced by an income-splitting provision. In current law, after exemptions, earned and unearned income are added together to obtain taxable income, stacking one on top of the other to reach the higher brackets. Under this proposal, each taxpayer would compute a tax on earned income alone, and on unearned income alone, and then add the taxes together. In this way, the first dollar of each type of income would start in the 14-percent tax bracket.

Each type of income would rise only through as many brackets as its own size would warrant. The result would be lower tax rates on added income of both types. Specifically, the tax rate on additional interest and dividends from added savings would be in a lower tax bracket than at present for most taxpayers, resulting in more incentive to add to savings.

Currently, individuals with more than $10,000 in "preference" income—income from tax-sheltered activities—are subject to the minimum tax. As a further inducement for such individuals to return to more productive, ordinary investment, the bill limits the participation of those upper income individuals who continue to use tax shelters. Individuals with more than $10,000 in preference income—other than capital gains—are prohibited from using this income-splitting provision.

Mr. President, for most working-age taxpayers, the bulk of income is earned with only a few hundred or a few thousand in savings income added on the top. This bill would bring this income down from the taxpayer's top tax bracket, where it may face rates of 24, 36, or even 70 percent, and puts it into the 14 or 16 percent brackets, producing increased savings incentives at relatively low cost.

Outside of completely exempting all interest and dividend income from taxation, the most effective way to encourage increased savings is to reduce the marginal tax rates on interest and dividend income.

On equity grounds, and as a key first step, I supported and voted for the legislation to provide a tax exemption of up to $400 for interest and dividend income.

This legislation is designed to build on the savings exemption, and I intend to modify this bill as soon as the savings exemption issue is resolved. For in order to encourage additional savings, the tax rates at which additional savings income is taxed must be reduced. By starting both earned and unearned income off in the lowest tax bracket and at the lowest tax rates, and by applying the 50-percent maximum earned income tax rate to unearned income, the Savings Expansion Act reduces the marginal tax rates an additional interest and dividend income—increasing the rate of return on saving and encouraging the additional savings needed to increase productivity, restrain inflation, and expand real economic growth.

Mr. President, I ask unanimous consent that the bill and a Wall Street Journal editorial endorsing this legislation be printed in the RECORD.

There being no objection, the bill and editorial were ordered to be printed in the RECORD, as follows:

S. 2242

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT OF 1954 CODE, ETC.

(a) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The Secretary of the Treasury or his delegate shall, not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of the technical and conforming amendments which are necessary to reflect throughout the Internal Revenue Code of 1954 the substantive amendments made by this Act.

SEC. 2. 50-PERCENT MAXIMUM RATE FOR INDIVIDUALS; SEPARATE COMPUTATION OF TAX

"(a) GENERAL RULE.—Section 1 (relating to tax imposed on individuals) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

(a) GENERAL RULE.—

"(1) INDIVIDUALS.—Except as provided in paragraph (2), there is hereby imposed on the income of every individual a tax equal to the sum of—

"(A) the tax on personal service taxable income determined under the applicable rate schedule, plus

"(B) the tax on nonpersonal service taxable income determined under the applicable rate schedule.

"(2) CERTAIN INDIVIDUALS WITH ITEMS OF

TAX PREFERENCE, ESTATES AND TRUSTS.—There is hereby imposed on the income of—

(A) every individual who has items of tax preference described in section 57(a) (other than paragraph (9) thereof) for the taxable year in excess of $10,000 ($5,000 in the case of a separate return by a married individual (as defined in section 143)), and

"(B) every estate or trust taxable under this section,

a tax equal to the tax on taxable income determined under the applicable rate schedule.

"(b) APPLICABLE RATE SCHEDULE FOR MARRIED INDIVIDUALS FILING JOINT RETURNS.—In the case of—

"(1) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(2) every surviving spouse (as defined in section 2(a)),

the following is the applicable rate schedule:

"If the amount on which the tax is to be determined is:	The tax is:
Not over $2,100	14% of taxable income.
Over $2,100 but not over $4,200	$294, plus 16% of excess over $2,100.
Over $4,200 but not over $8,500	$630, plus 18% of excess over $4,200.
Over $8,500 but not over $12,600	$1,404, plus 21% of excess over $8,500.
Over $12,600 but not over $16,800	$2,265, plus 24% of excess over $12,600.
Over $16,800 but not over $21,200	$3,273, plus 28% of excess over $16,800.
Over $21,200 but not over $26,500	$4,505, plus 32% of excess over $21,200.
Over $26,500 but not over $31,800	$6,201, plus 37% of excess over $26,500.
Over $31,800 but not over $42,400	$8,162, plus 43% of excess over $31,800.
Over $42,400 but not over $56,600	$12,720, plus 49% of excess over $42,400.
Over $56,600	$19,678, plus 50% of excess over $56,600.

"(c) HEADS OF HOUSEHOLDS.—In the case of every individual who is the head of a household (as defined in section 2(b)), the following is the applicable rate schedule:

"If the amount on which the tax is to be determined is:	The tax is:
Not over $2,100	14% of taxable income.
Over $2,100 but not over $4,200	$294, plus 16% of excess over $2,100.
Over $4,200 but not over $6,400	$630, plus 18% of excess over $4,200.
Over $6,400 but not over $9,500	$1,026, plus 22% of excess over $6,400.
Over $9,500 but not over $12,700	$1,708, plus 24% of excess over $9,500.
Over $12,700 but not over $15,900	$2,476, plus 26% of excess over $12,700.
Over $15,900 but not over $21,200	$3,308, plus 31% of excess over $15,900.
Over $21,200 but not over $26,500	$4,951, plus 38% of excess over $21,200.
Over $26,500 but not over $31,800	$6,859, plus 42% of excess over $26,500.
Over $31,800 but not over $42,400	$9,085, plus 46% of excess over $31,800.
Over $42,400	$13,961, plus 50% of excess over $42,400.

"(d) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—In the case of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) the following is the applicable rate schedule:

"If the amount on which the tax is to be determined is:	The tax is:
Not over $1,100	14% of taxable income.
Over $1,100 but not over $2,100	$154, plus 16% of excess over $1,100.
Over $2,100 but not over $4,200	$314, plus 18% of excess over $2,100.
Over $4,200 but not over $6,200	$692, plus 19% of excess over $4,200.
Over $6,200 but not over $8,500	$1,072, plus 21% of excess over $6,200.
Over $8,500 but not over $10,600	$1,555, plus 24% of excess over $8,500.
Over $10,600 but not over $12,700	$2,059, plus 26% of excess over $10,600.
Over $12,700 but not over $15,900	$2,605, plus 30% of excess over $12,700.
Over $15,900 but not over $21,200	$3,565, plus 34% of excess over $15,900.
Over $21,200 but not over $26,500	$5,367, plus 39% of excess over $21,200.
Over $26,500 but not over $31,800	$7,434, plus 44% of excess over $26,500.
Over $31,800 but not over $39,200	$9,766, plus 49% of excess over $31,800.
Over $39,200	$13,392, plus 50% of excess over $39,200.

"(e) SEPARATE RETURNS BY MARRIED INDIVIDUALS; ESTATES AND TRUSTS.—In the case of—

"(1) every married individual (as defined in section 143) who does not make a single return jointly with his spouse under section 6013, and

"(2) every estate and trust taxable under this subsection,

the following is the applicable rate schedule:

"If the amount on which the tax is to be determined is:	The tax is:
Not over $1,050	14% of taxable income.
Over $1,050 but not over $2,100	$147, plus 16% of excess over $1,050.
Over $2,100 but not over $4,250	$315, plus 18% of excess over $2,100.
Over $4,250 but not over $6,300	$702, plus 21% of excess over $4,250.
Over $6,300 but not over $8,400	$1,132.50 plus 24% of excess over $6,300.
Over $8,400 but not over $10,600	$1,636.50, plus 28% of excess over $8,400.
Over $10,600 but not over $13,250	$2,252.50, plus 32% of excess over $10,600.
Over $13,250 but not over $15,900	$3,100.50, plus 37% of excess over $13,250.
Over $15,900 but not over $21,200	$4,081, plus 43% of excess over $15,900.
Over $21,200 but not over $28,300	$6,360, plus 49% of excess over $21,200.
Over $28,300	$9,839, plus 50% of excess over $28,300."

(b) DETERMINATION OF INCOME.—Section 63 (defining taxable income) is amended to read as follows:

"SEC. 63. TAXABLE INCOME DEFINED.

"(a) CORPORATIONS.—For purposes of this subtitle, in the case of a corporation, the term 'taxable income' means gross income minus the deductions allowed by this chapter.

"(b) INDIVIDUALS.—For purposes of this subtitle, in the case of an individual—

"(1) PERSONAL SERVICE TAXABLE INCOME.—The term 'personal service taxable income' means personal service income reduced by so much of the allowable deductions as the individual elects to allocate against such income.

"(2) NONPERSONAL SERVICE TAXABLE INCOME.—The term 'nonpersonal service taxable income' means gross income reduced by the sum of—

"(A) personal service income, plus

"(B) so much of the allowable deductions as are not allocated against personal service income under paragraph (1).

"(3) TAXABLE INCOME.—The term 'taxable income' means gross income minus the allowable deductions.

"(4) ALLOWABLE DEDUCTIONS.—The term 'allowable deductions' means—

"(A) in the case of an individual who elects to itemize his deductions, the deductions allowed by this chapter, or

"(B) in the case of any other individual, the sum of—

"(i) the deductions allowable in arriving at adjusted gross income.

"(ii) the deductions for personal exemptions provided by section 151, and

"(iii) the standard amount.

"(c) STANDARD AMOUNT.—For purposes of this subtitle—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'standard amount' means—

"(A) $3,400 in the case of—

"(i) a joint return under section 6013, or

"(ii) a surviving spouse (as defined in section 2(a)),

"(B) $2,300 in the case of an individual who is not married and who is not a surviving spouse (as so defined),

"(C) $1,700 in the case of a married individual filing a separate return, or

"(D) zero in any other case.

"(2) SPECIAL RULE FOR CERTAIN DEPENDENTS.—In the case of an individual with respect to whom a deduction under section 151(e) is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the term 'standard amount' shall not exceed such individual's earned income (as defined in section 911(b)) for such taxable year.

"(d) PERSONAL SERVICE INCOME.—For purposes of this section—

"(1) IN GENERAL.—The term 'personal service income' means any income which is earned income within the meaning of section 401(c)(2)(C) or section 911(b) or which is an amount received as a pension or annuity which arises from an employer-employee relationship or from tax-deductible contributions to a retirement plan. For purposes of this paragraph, section 911(b) shall be applied without regard to the phrase ', not in excess of 30 percent of his share of net profits of such trade or business,'.

"(2) EXCEPTIONS.—The term 'personal service income' does not include any amount—

"(A) to which section 72(m)(5), 402(a)(2), 402(e), 403(a)(2), 408(e)(2), 408(e)(3), 408(e)(4), 408(e)(5), 408(f), or 409(c) applies; or

"(B) which is includable in gross income under section 409(b) because of the redemption of a bond which was not tendered before the close of the taxable year in which the registered owner attained age 70½.

"(e) ITEMIZED DEDUCTIONS.—For purposes of this subtitle, the term 'itemized deductions' means the deductions allowable by this chapter other than—

"(1) the deductions allowable in arriving at adjusted gross income, and

"(2) the deductions for personal exemptions provided by section 151.

"(f) ELECTION TO ITEMIZE.—

"(1) IN GENERAL.—Unless an individual makes an election under this subsection for the taxable year, no itemized deduction shall be allowed for the taxable year. For purposes of this subtitle, the determination of whether a deduction is allowable under this chapter shall be made without regard to the preceding sentence.

"(2) WHO MAY ELECT.—Except as provided in paragraph (3), an individual may make an election under this subsection for the taxable year only if such individual's itemized deductions exceed the standard amount.

"(3) CERTAIN INDIVIDUALS TREATED AS ELECTING TO ITEMIZE.—The following individuals shall be treated as having made an election under this subsection for the taxable year:

"(A) a married individual filing a separate return where either spouse itemizes deductions.

"(B) a nonresident alien individual, and

"(C) a citizen of the United States entitled to the benefits of section 931 (relating to income from sources within possessions of the United States).

"(4) TIME AND MANNER OF ELECTION.—Any election under this subsection shall be made on the taxpayer's return, and the Secretary shall prescribe the manner of signifying such election on the return.

"(5) CHANGE OF TREATMENT.—Under regulations prescribed by the Secretary, a change of treatment with respect to the standard amount and itemized deductions for any taxable year may be made after the filing of the return for such year. If the spouse of the taxpayer filed a separate return for any taxable year corresponding to the taxable year of the taxpayer, the change shall not be allowed unless, in accordance with such regulations—

"(A) the spouse makes a change of treatment with respect to the standard amount and itemized deductions, for the taxable year covered in such separate return, consistent with the change of treatment sought by the taxpayer, and

"(B) the taxpayer and his spouse consent in writing to the assessment, within such period as may be agreed on with the Secretary, of any deficiency, to the extent attributable to such change of treatment, even though at the time of the filing of such consent the assessment of such deficiency would otherwise be prevented by the operation of any law or rule of law.

This paragraph shall not apply if the tax liability of the taxpayer's spouse, for the taxable year corresponding to the taxable year of the taxpayer, has been compromised under section 7122.

"(g) MARITAL STATUS.—For purposes of this section, marital status shall be determined under section 143."

(c) REPEAL OF MAXIMUM RATE ON PERSONAL SERVICE INCOME.—Part VI of subchapter Q of chapter 1 is hereby repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1980.

[From the Wall Street Journal, Nov. 28, 1979]

RESCUING SAVINGS

Late in the day, the Senate has begun to worry about the damage the proposed "windfall profits tax" on oil could do to national savings. Corporate profits, after all, are a major source of economic savings, meaning money set aside to expand and replenish the Nation's productive capital.

So this week the Senate Finance Committee is trying to agree on a savings amendment to the windfall bill. This late rider is at least as important as the main body of the bill because it could determine the tax treatment of savings over the next 10 years and hence bear heavily on the future productivity of the U.S. economy.

The saving rate in the U.S. is very low. Of the total amount of savings generated, a chunk is taken off the top to finance the government's budget deficit. Most of what's left goes to replace worn out plant and equipment. Of the funds remaining for net investment, practically every dollar is needed to equip the growing labor force so that productivity per worker doesn't decline. Steve Entin of the Joint Economic Committee staff has calculated that in 1977-78 there was less than $5 billion left with which to meet mandated spending on environmental and safety equipment and to finance real economic growth. Little wonder U.S. productivity is so low.

Now enter the "windfall profits" tax. It's going to reduce the oil industry's cash flow and ability to finance investment internally. That means a decline in total savings, a decline that Donald Lubick, Assistant Secretary of the Treasury for Tax Policy, acknowledges when he says that "funds to finance investment in new field capacity will come from the private sector through capital markets as it did at the birth of the oil business."

Of course, if oil industry revenues were to balloon with decontrol, the tax would not be at the expense of the current retained earnings of the industry. But we have explained in previous columns why crude oil price decontrol is unlikely to significantly increase oil industry revenues, and Mr. Roberts brings these points up to date elsewhere on this page today. Members of the Finance Committee themselves are beginning to wonder how oil industry revenues can rise when consumers are already paying the world price for refined products. However, they are still determined to take advantage of the public ire toward oil companies induced by years of demagogy, and lay on a big new tax.

They are frightened, though, by recognition of what their bill will do to savings, investment, productivity and growth. So they are fishing around for some way to offset the effect on savings. If the Senators are intent on passing this destructive bill to begin with, we suppose it's good that they want to rescue savings. So they could do a lot worse than to hook on to the approach that Senator Roth and Representatives Bud Brown and John Rousselot have been working on.

These lawmakers have figured out that there's a difference between giving a tax break on existing savings and encouraging new, additional savings. An interest deduction from taxable income doesn't affect the tax rates; it just excludes a fixed amount of interest income from tax, and once the exclusion is used up any new saving is taxed at the existing high rates.

At the present time savings income (interest and dividends) is stacked on top of wages and salaries for tax computation. In other words, wages and salaries enter the tax brackets at a rate that begins at 14 percent and runs up to 50 percent. Savings income then enters the tax brackets at a rate that begins at the highest marginal rate applicable to the taxpayer's wage or salary income and runs from there up to 70 percent.

What Senator Roth and Representatives Brown and Rousselot want to do is to treat savings income the same as wage and salary income by splitting it out and taxing it at the same 14–15 percent rates. By eliminating the tax discrimination against savings income, this approach significantly lowers tax rates and provides an incentive to every earner to save more of his income.

In addition to encouraging more savings, the Roth-Brown-Rousselot approach would pull a lot of savings out of tax shelters and add to the economy's productivity.

But whether the Finance Committee goes with this particular approach or not, we hope the Senators have learned enough supply-side economics to recognize that if they are serious about savings, they must increase the after-tax rate of return to new savings.

For our part, we will be holding our breath. Any Congress that can come up with a piece of legislation as obscene as the "windfall profits" tax can come up with an awful savings amendment as well.

ADDITIONAL COSPONORS

S. 1843

At the request of Mr. CRANSTON, the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Florida (Mr. STONE) were added as cosponsors of S. 1843, a bill to provide for Federal support and stimulation of State, local, and community activities to prevent domestic violence and provide immediate shelter and other assistance for victims of domestic violence, for coordination of Federal programs and activities pertaining to domestic violence, and for other purposes.

S. 2084

At the request of Mr. SIMPSON, the Senator from Oklahoma (Mr. BELLMON) was added as a cosponsor of S. 2084, a bill to deny eligibility for unemployment compensation benefits to certain members of the armed forces who are discharged from active duty before completion of at least five-sixths of their initial enlistment obligations.

S. 2166

At the request of Mr. MELCHER, the Senator from North Dakota (Mr.

YOUNG), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Hawaii (Mr. MATSUNAGA) were added as cosponsors of S. 2166, a bill to promote the development of Native American culture and art.

S. 2189

At the request of Mr. JACKSON, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 2189, a bill to establish a program for Federal storage of spent fuel from civilian nuclear prowerplants, to set forth a Federal policy and initiate a program for the disposal of nuclear waste from civilian activities, and for other purposes.

At the request of Mr. JOHNSTON, the Senator from Idaho (Mr. CHURCH), the Senator from Texas (Mr. TOWER), and the Senator from Washington (Mr. JACKSON) were added as cosponsors of S. 2189, supra.

SENATE JOINT RESOLUTION 82

At the request of Mr. GOLDWATER, the Senator from Utah (Mr. GARN) was added as a cosponsor of Senate Joint Resolution 82, a joint resolution to designate the week commencing with the third Monday in February of each year as "National Patriotism Week".

SENATE JOINT RESOLUTION 133

At the request of Mr. MCGOVERN, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of Senate Joint Resolution 133, a joint resolution requesting the Secretary of Agriculture, in cooperation with the Secretary of Health, Education, and Welfare, to develop a plan for local nutrition monitoring throughout the United States.

SENATE CONCURRENT RESOLUTION 60

At the request of Mr. JEPSEN, the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. GARN), and the Senator from Alabama (Mr. HEFLIN) were added as cosponsors of Senate Concurrent Resolution 60, a concurrent resolution expressing the sense of the Congress with respect to the treatment of Christians by the Union of Soviet Socialist Republics, and for other purposes.

SENATE CONCURRENT RESOLUTION 61

At the request of Mr. JEPSEN, the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. GARN), and the Senator from Alabama (Mr. HEFLIN) were added as cosponsors of Senate Concurrent Resolution 61, a concurrent resolution expressing the sense of the Congress with respect to the treatment of Christians by the Union of Soviet Socialist Republics, and for other purposes.

SENATE RESOLUTION 308

At the request of Mrs. KASSEBAUM, the Senator from Oregon (Mr. PACKWOOD), and the Senator from Kansas (Mr. DOLE) were added as cosponsors of Senate Resolution 308, a resolution to express the sense of the Senate that parity for women's track and field events should be achieved in the 1984 Olympic games.

AMENDMENT NO. 731

At the request of Mr. PERCY, the Senator from Connecticut (Mr. WEICKER), the Senator from Alaska (Mr. STEVENS), and the Senator from Washington (Mr. JACKSON) were added as cosponsors of amendmetnt No. 731 proposed to H.R. 3236, a bill to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes.

AMENDMENT NO. 749

At the request of Mr. METZENBAUM, his name was added as a cosponsor of amendment No. 749 proposed to H.R. 3236, a bill to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes.

SENATE RESOLUTION 344—SUBMISSION OF A RESOLUTION COMMENDING CANADA FOR ITS ACTIONS WITH RESPECT TO CERTAIN UNITED STATES CITIZENS IN IRAN

Mr. CHILES (for himself, Mr. CHURCH, Mr. PELL, Mr. MCGOVERN, Mr. BIDEN, Mr. SARBANES, Mr. ZORINSKY, Mr. JAVITS, Mr. PERCY, Mr. HAYAKAWA, Mr. GLENN, Mr. NUNN, Mr. WILLIAMS, Mr. EXON, Mr. DOMENICI, Mr. MATHIAS, Mr. ROBERT C. BYRD, Mr. STEVENS, Mr. ROTH, and Mr. DOLE) submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. RES. 344

Whereas six Americans sought refuge in Tehran after the takeover of the United States Embassy in November 1979;

Whereas the Americans were given refuge by the Canadian Embassy for twelve weeks;

Whereas the whereabouts of these Americans was kept a secret in order to protect the lives of those Americans held at the United States Embassy;

Whereas this action was taken despite the threat this posed to the lives of Canadian Embassy officials;

Whereas Canadian Ambassador Kenneth Taylor acted with particular courage and compassion in seeking the eventual departure of the Americans from Iran; and

Whereas the six Americans have now safely left Iran:

Resolved, That the Senate, on behalf of all Americans, hereby commends the Government of Canada for its actions in protecting certain United States citizens and arranging for their departure from Iran.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that he transmit such copy to the Government of Canada.

SENATE RESOLUTION 345—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON VETERANS' AFFAIRS

Mr. CRANSTON, from the Committee on Veterans' Affairs, reported the following original resolution, which was referred to the Committee on Rules and Administration:

S. RES. 345

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, the Committee on Veterans' Affairs is authorized from March 1, 1980, through February 28, 1981, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $269,000, of which amount not to exceed $14,800 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1981.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 346—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JACKSON, from the Committee on Energy and Natural Resources, reported the following original resolution, which was referred to the Committee on Rules and Administration:

S. RES. 346

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, the Committee on Energy and Natural Resources is authorized from March 1, 1980, through February 28, 1981, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $1,583,700, of which amount (1) not to exceed $25,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed $10,000 may be expended for the training of the professional staff of such committee (under procedures specified by section 202(j) of such Act).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1981.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 347—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution, which was ordered placed on the calendar:

S. RES. 347

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, the Committee on Rules and Administration is authorized from March 1, 1980, through February 28, 1981, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $715,900, of which amount not to exceed $20,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1981.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 348—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. PELL, from the Comittee on Rules and Administration, reported the following original resolution, which was ordered placed on the calendar:

S. RES. 348

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Angelina C. Beckmann, widow of Bernard J. Beckmann, an employee of the Senate at the time of his death, a sum equal to eight and one-half months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 349—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. PELL, from the Comittee on Rules and Administration, reported the following original resolution, which was ordered placed on the calendar:

S. RES. 349

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Carolyn Watson, mother of W. David Watson and to Abraham G. Watson, father of W. David Watson, an employee of the Senate at the time of his death, a sum to each equal to two and one-half months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 350—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

Mr. THURMOND, from the Committee on the Judiciary, reported the following original resolution, which was referred to the Committee on Rules and Administration:

S. RES. 350

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, the Committee on the Judiciary is authorized from March 1, 1980, through February 28, 1981, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $4,971,700, of which amount (1) not to exceed $177,500 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed $3,350 may be expended for the training of the professional staff of such committee (under procedures specified by section 202(j) of such Act).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1981.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL RESERVE MODIFICATION ACT OF 1979—S. 353

AMENDMENTS NOS. 1642 THROUGH 1644

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. TOWER submitted three amendments intended to be proposed by him, jointly, to S. 353, a bill to facilitate the development and implementation of monetary policy; to reduce and restructure reserve requirements; and to provide for the maintenance of reserves by member banks and other depository institutions in Earnings Participation Accounts at the Federal Reserve banks.

● Mr. TOWER. Mr. President, I am submitting today three amendments to S. 353, legislation which I introduced approximately 1 year ago to facilitate the development of Federal Reserve monetary policy and to reduce the burdens of Fed membership. These amendments, together with S. 353, will be the subject of Banking Committee hearings on February 4 and 5.

The first amendment will revise the reserve requirement provisions of S. 353 so as to have all transaction accounts, including NOW, automatic transfer, and demand-deposit accounts, subject to the same reserve standards. This amendment would set reserve requirements on the first $35 million in transaction accounts at 3 percent. All other reserve ranges in S. 353 would remain the same.

During the Banking Committee's markup session on Federal Reserve membership legislation this past November, I indicated that I would propose an amendment to S. 353 to direct the Federal Reserve to establish a pricing schedule for Fed services. Accordingly, the second amendment would require the Federal Reserve to price its services and charge interest on its float. The Fed has been moving in this direction, but I believe that this should be specifically required as part of any Fed membership bill.

The third amendment would authorize the Federal Reserve, by unanimous vote, to impose for limited periods of time supplemental reserve requirements on transaction accounts at all depository institutions. Under the amendment, the Fed could impose a reserve requirement of up to 3 percent on the first $35 million of an institution's transaction balances and a requirement of up to 5 percent on such balances in excess of $35 million.

All supplemental reserve balances would have to be maintained at a Federal Reserve Bank, either directly or indirectly, and vault cash could not be used to satisfy the reserve requirement. Supplemental reserves were discussed at the Banking Committee's November 7 markup as a tool which the Federal Reserve might need if a monetary policy or other economic emergency exists.

While I believe that S. 353, without the supplemental reserve requirements, would enable the Federal Reserve to conduct monetary policy adequately, I believe that supplemental reserve requirements should be discussed at next week's hearings, particularly since the Fed first proposed the possible need for such requirements.

Although I have expressed some skepticism as to the need for supplemental reserves, I do want to state clearly that the amendments regarding transaction accounts and pricing of services are beneficial and should be accepted as part of S. 353.●

SOCIAL SECURITY DISABILITY AMENDMENTS OF 1979—H.R. 3236

AMENDMENT NO. 1645

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted an amendment intended to be proposed by him to H.R. 3236, an act to amend title II of the Social Security Act to provide better

work incentives and improved accountability in the disability insurance program, and for other purposes.

AMENDMENT NO. 1646

(Ordered to be printed.)

Mr. JAVITS proposed an amendment to H.R. 3236, supra.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, I would like to announce a change in the schedule for the hearings on the geopolitics of oil held by the Committee on Energy and Natural Resources. In place of the closed session previously scheduled for February 5, the committee will hold an open hearing the same day in room 3110 of the Dirksen Senate Office Building. The subject of the hearing will be the Geopolitics of the Middle East, and the witness will be Prof. Bernard Lewis of the Princeton University Institute for Advanced Study. The hearing will begin at 9 a.m. The revised schedule for the other briefings is as follows:

February 7.—Other producers (Producers that are not members of OAPEC).

February 14.—The Soviet Union and Eastern Bloc.

February 19.—The industrialized consumers.

February 21.—The less developed countries.

With the exception of the February 5 hearing, the briefings will commence at 8:30 a.m. in room S-407 of the Capitol and will be closed to the public. Questions concerning the briefings should be directed to Jim Pugash, staff counsel, at (202) 224-0611.●

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

● Mr. WILLIAMS. Mr. President, I wish to announce that the Subcommittee on Housing and Urban Affairs, which I chair on the Banking, Housing, and Urban Affairs Committee has scheduled a hearing on Wednesday, February 6, 1980, at 9:30 a.m. in room 5302 Dirksen Senate Office Building. The hearing will focus on the state of the single and multifamily housing markets and pending proposals to revise the Emergency Home Purchase Assistance Act of 1974 (S. 2177 and S. 2178).●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. LONG. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today to hear administration, congressional, and former administration officials on the proposed arms sales to Morocco.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. LONG. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today, beginning at 10 a.m., to mark up the Committee Budget.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. LONG. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate today to hold a hearing on S. 2055, legislation to establish a reservation for the Siletz Tribe.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE PROBLEM OF UNDOCUMENTED WORKERS IN THE UNITED STATES

● Mr. HAYAKAWA. Mr. President, the problem of undocumented workers in the United States is rooted deeply in the economic health of Mexico. Unfortunately, Mexico has just experienced its worst harvest in 30 years—a situation which is expected to send more than the usual number of workers across the border seeking employment. It is vitally important, therefore, that the Congress of the United States begins to deal with the problem of illegal immigration from Mexico. It is a problem that has been with us for some time, and will be with us until we legislate a solution. Numerous solutions have been proposed, ranging from an open border to a high fence. I have sponsored legislation to provide Mexican workers with temporary work permits; many of my colleagues have introduced other measures.

However, I have yet to see significant action on this issue. We need to hold hearings in committee, report legislation, and debate the issue on the Senate floor. This situation, as a recent article in the Los Angeles Times illustrates, will only become more severe. I ask that the article be reprinted in its entirety for the benefit of my colleagues.

The article follows:

CROP FAILURE DRIVES MEXICANS NORTH

(By Mark Seibel)

MEXICO CITY.—Mexico's worst harvest in 30 years could drive thousands more undocumented Mexicans to the United States in search of work at a time when talk of recession and high interest rates have many Americans fearing for their jobs.

Mexican and U.S. analysts say there is no way to determine how many Mexicans will cross the border because of the poor harvests.

Officials have blamed low rainfall and early frosts for causing the yield of beans and corn, staples in the Mexican diet, to decline by 32 percent and 18 percent respectively.

"There's no way to tell how many will cross the border," said Vernon McAgnich, the U.S. general counsel here. "But you can bet an increase."

Peasant leaders in some states already are saying their compadres are leaving for the United States, and analysts here point out that of the eight Mexican states, U.S. officials believe to be the primary source of undocumented workers, only one—Guanajuato—did not suffer losses in both beans and corn crops.

Farmers in Guanajuato, whose capital, also named Guanajuato, is about 150 miles northwest of Mexico City, did note a 40 percent drop in corn production. But the bean crop was up nearly 50 percent.

That rise was hardly enough to offset major losses in most of Mexico's 31 states, however. In Durango state, for example, the corn yield dropped 59 percent and the bean harvest declined 81 percent, from 131,416 tons in 1978 to 24,204 tons in 1979. Durango is about 350 miles south of the Texas border.

Overall, Mexico's corn harvest was nearly 2 million tons less this year than the record 10 million ton harvest last year, and the bean harvest dropped from 930,000 tons last year to 628,000 this year and the sorghum yield dropped 4 percent.

Mexico's agriculture minister, Francisco Merino Rabago, called it the "worst agricultural year in three decades."

Although the huge farms in Senora and Sinaloa posted record yields of soybeans this year and the rice and cotton harvests also were better than last year's, nothing can compensate for the loss of corn and beans. Soybeans, cotton and rice are grown on large, efficiently managed farms, but Mexico's beans and corn primarily are grown on small family plots, and the farmers rely on the corn not just as a commodity to sell, but as next year's food for their families.

The situation is complicated because the drop in the sorghum crop will force peasants to feed corn to their livestock.

Enrique Dias Ballasteros, director of the government's National Company for Public Sustenance, insists that the poor harvest does not mean Mexicans will starve next year. "It won't be anything extraordinary," he said. And Mexican officials point out that the corn harvest of 8.9 million tons is still more than the 8.3 million that officials say Mexico needs to fulfill its internal needs.

But the government has taken emergency measures in 18 of Mexico's 31 states in an effort to reassure the residents that there will be enough food for next year.

The government has announced that it will provide more than 4 million "man-days" of work to residents in the stricken areas and has said workers will be paid not only in cash but with food provided by the government's National Company for Public Sustenance, a sprawling enterprise that not only imports foodstuffs, but also sells them in 6,000 supermarkets throughout the country.

Conasupo, as the national company is known here, also announced Friday that next year it will purchase 4.2 million tons of grain from foreign sources, mostly in the United States, at a total cost of more than $807 million. Nearly 3 million tons of that will make up the poor harvest, officials said.

Analysts here say the government's efforts are aimed at forestalling the expected migration from the fields, which, they point out, affects Mexico's overcrowded urban centers even more than it does the United States.

Few here, however, anticipate that the efforts will discourage the peasants from leaving their lands.

Analysts point out that in at least eight of the states that have suffered agricultural losses this year, economic conditions were such that Mexicans left in great numbers anyway.

A report prepared last spring, before the poor harvest, says the eight states—Michoacan, Zacatecas, San Luis Potosi, Jalisco, Durango, Chihuahua, Guanajuato and Nuevo Leon—had high populations and failing agriculture.

"This (the crop failure) will just add to it," said an official who asked that his name not be used. "They will be leaving for jobs, and, I think, to escape hunger."

But the latest exodus may be coming at an inconvenient time.

While the latest U.S. Labor Department statistics show a decline in unemployment during November, from 6 percent to 5.8 percent, economists are still predicting a recession and higher unemployment.

The unemployment may be highest in the construction trades, where Mexican workers have frequently found jobs, particularly in boom states such as Texas.

Even in Dallas, which still boasts of the second highest number of housing starts in the nation, home construction declined 15 percent this year, and researchers are expecting another 20 percent decline next year.

Few experts here care to predict what effect the decline in construction as well as a

recession might have on the expected Mexican influx.

"I doubt they'll have any trouble finding jobs," said a U.S. official.●

CIGARETTE BOOTLEGGING UPDATE

● Mr. MORGAN. Mr. President, during the last session of the 95th Congress, considerable time was taken up in consideration of S. 1487, a bill to make possession of contraband cigarettes a Federal crime. After many days of discussion and deliberation, the bill passed the Senate and after a conference with the House passed into law as Public Law 95–575.

Recently, the Winston-Salem Journal ran an editorial describing life under the new Federal law. In pertinent part, the editorial noted that the cigarette bootlegging law was passed to save an alleged $500 million in tax revenue lost to State governments because of smuggling from low tax States into high tax States. Most of this smuggling was supposed to be done by organized crime and supporters of the bill argued long and hard that they were not interested in the individual who occasionally took a couple of cartons or a case of cigarettes across State lines.

During the debate, I stated that in my opinion the dimensions of the problem had been exaggerated and urged my colleagues who were intent on passage to moderate the provisions of the bill.

Now I think it is of interest to the Senate to know that New York State Taxation Investigation Director, Alfred Donati, Jr., also has some doubts and has stated:

> Whether smuggling was that substantial or whether we were mistaken is being looked at now.

The tax commissioners of New York, Massachusetts, and Pennsylvania now agree that their previous revenue loss estimates were too high, also.

Surprisingly, despite this uncertain foundation, the Winston-Salem Journal goes on to compliment the enforcement effort in North Carolina. The removal of certain unnecessary recordkeeping and reporting provisions by the supporters of the bill in response to my concerns, according to the Journal, has helped enforcement in North Carolina and generated, to some extent, a spirit of cooperation in North Carolina. Because the Congress increased the number of cartons one can buy before triggering reporting procedures, many cigarette dealers will sell the number of cartons not covered by the law but no more. Thus the loser is the organized criminal who must buy in large quantities and who now finds his supply cut off by dealers who do not want to be bothered by new Federal procedures.

Mr. President, let me repeat what I said in 1978. I am fundamentally opposed to the Federal Government's enforcing State tax laws. I still believe quite strongly that this breeds irresponsible action by States who feel that the Federal Government will pick up the tab for enforcing unreasonable State revenue laws.

I also am opposed to open-ended regulatory power for the Federal agencies as advocated by certain Members of the House of Representatives during the conference on this bill in 1978. And I note that because of the efforts of Senator KENNEDY, Senator THURMOND, Senator HATCH, and others during the conference we were able to achieve more reasonable control of Department of Treasury regulations.

An important lesson to be learned from the passage of this bill is that cooperation between Senators to resolve honest disagreements can produce legislation which satisfies legitimate concerns without being unduly oppressive. I wish again to compliment Senators KENNEDY and BELLMON for their willingness to compromise on this bill last year and for their willingness to work with those of us, especially Senators FORD and HUDDLESTON, who were concerned for the interests of legitimate small business persons in our States.

Mr. President, the verdict is still out on Public Law 95–575. As of now it appears to be operating with minimal interference with honest businessmen and with State law enforcement efforts. I reserve my judgment on the need for future funding and continuation of this law, but I am pleased to report on the progress of this legislation as of today.

I request that the editorial of the Winston-Salem Journal of October 23, 1979, be printed in the RECORD.

The editorial follows:

A SIGNIFICANT EFFECT

A task force of federal agents is making progress in battling a serious—though possibly exaggerated—problem: the smuggling of cigarettes from North Carolina to states with substantially higher cigarette taxes. Spurred by claims that state and local governments nationwide were losing up to $500 million a year in lost tax revenues, federal Alcohol, Tobacco and Firearms agents began a crackdown late last year. Agents say that a year-old federal law has helped them to curb the incidence of cigarette smuggling across state lines, but their investigation has led them to conclude that the problem is not as widespread as many have claimed.

'These Northern states were crying to Congress that they were losing so much money," said ATF agent Johnny C. Binkley, who supervises the 16 agents working in North Carolina. "We just simply have not found that to be true." Officials in several Northern states now admit that their previous estimates of lost revenues may have been in error. ". . . Whether smuggling was that substantial or whether we were mistaken is being looked at right now," said Alfred Donati Jr., director of the special investigations bureau in the State of New York, Department of Taxation and Finance. New York tax officials had previously estimated that cigarette smugglers cost the state up to $110 million a year. Officials in Massachusetts and Pennsylvania also now agree that their earlier estimates of tax loss may have been exaggerated.

Whatever the severity of the problem in the past, however, the new federal laws has apparently had a significant effect in curtailing smuggling. The law, which carries a maximum penalty of three years in prison and a $5,000 fine, requires dealers in the state to keep records of the name, address, destination, vehicle license number, signature and declaration of intended use of anyone buying more than 300 cartons of cigarettes. Because of the law, many dealers now simply refuse to sell more than 299 cartons to any buyer.

"I have never seen a law, federal or state, that has had such a deterrent effect as this one has," said Brinkley.

The law does little to prevent the individual smoker from stocking up on cigarettes when passing through North Carolina. The disparity between the taxes charged by different states—only two cents in North Carolina, as opposed to more than 20 cents in some Northern states—makes such stockpiling very tempting. What the law does do is discourage the large-scale smuggling of cigarettes across state lines for the purpose of making large profits—precisely the sort of enterprise that organized criminals have been known to favor.

North Carolina Sen. Robert B. Morgan was instrumental in securing modifications in the new law which aimed it more specifically at large-scale organized smuggling while easing the paperwork burden on dealers. The measure, Morgan said at the time, is "not for the purpose of collecting taxes, but instead gets at organized crime." After one year, the federal law seems to be having its desired effect.●

ADDRESS BY WALTER E. HOADLEY OF THE BANK OF AMERICA

● Mr. HAYAKAWA. Mr. President, earlier in January I had the privilege of attending conference on Asia-Pacific in the 1980's: Toward Greater Symmetry in Economic Interdependence. At the conference I had the good fortune to hear Walter E. Hoadley of the Bank of America speak on "Structural Changes in the United States." Mr. Hoadley is a distinguished economist and a member of my Budget Advisory Committee. I would like, therefore, to let the Senate have the benefits of his thoughts and ask that his speech be entered in the RECORD.

The speech follows:

STRUCTURAL CHANGES IN THE UNITED STATES

American values and perspectives have changed markedly during the 1970's and seem likely to continue to do so in the 1980's. The repercussions of these changes are now increasingly evident within the United States and will become more noticeable across the ASEAN countries and the rest of the world in the years just ahead.

In many respects the 1980's will be a Decade of Destiny for the United States.

To some extent our nation wasted the 1970's by not facing more directly many basic problems which were unfolding: e.g., inflation, energy and other shortages, fiscal and monetary discipline, lagging innovations and productivity, balance of payments deficits, declining value of the dollar, and the cleavage between the public and private sectors. You will note that none of these problems is really cyclical. We spent far too much time debating, drifting, and doubting rather than deciding on new courses of action.

Nevertheless, the decade of the 1970's was our nation's greatest period of economic advancement. Few people in the world had a better overall economic year in 1979 than those who lived in the United States.

But, we dare not waste the decade of the 1980's either for ourselves or for the other peoples on the earth. Too much is at stake for all of us.

UNITED STATES PUBLIC ATTENTION NARROWLY FOCUSED

As everyone following developments in the United States knows, our public attention in recent months has been heavily concentrated on Iran, oil, U.S.S.R., Cambodian refugees and the "boat people" and the forthcoming

November Presidential election. Media time has been heavily devoted to these issues.

Relentlessly coming to the surface, however, are basic or structural problems which are beginning to affect more and more Americans in their day-to-day living and therefore are taking on increasing political as well as economic significance. These problems are not new but arise fundamentally out of several decades of public policies which concentrated almost exclusively upon stimulation of domestic demand to put idle people and resources to work.

Each problem reflects longstanding well intentioned public policies and attitudes which have taken too much out of our economy without caring to put sufficient resources and new strength back into it.

At home we encouraged consumption; discouraged innovation, investment, savings, productivity, and work; and met too many costs by having the U.S. government expand the money supply rather than increase taxes. In the international field, we pursued somewhat localized policies. We tended to minimize our increasing vulnerability to foreign supply sources and encouraged others to retain dollars without a forceful strategy to protect their value. We penalized Americans for selling and investing abroad. We downplayed our substantial U.S. competitive advantages including the management skills of U.S. transnational organizations.

More and more Americans now realize that we can no longer afford the luxury of these past policies and practices however well intended.

Our principal national objective can no longer be just full employment as it has been for more than four decades. In fact, full employment, the goal and dream of my generation, has been technically achieved this past year and still prevails widely in our nation. Full employment must continue to be a national objective but not the single most important one. Inflation control has now clearly moved into first place.

Instead of the great satisfaction from full employment predicted by countless scholars and political leaders, we have seen that few people have even noted its actual accomplishment. We now realize once again that expectations and progress along the way often prove more satisfying than full realization of almost any goal. But most Americans seem exceptionally difficult to satisfy these days.

WHY ARE AMERICANS SO NEGATIVE?

1. Bad news.—is about the only news which is offered by the media; record economic performance is now pretty much taken for granted. We still have no satisfactory measures by which to judge our enormous progress in a vast array of dynamic fields, especially in our service enterprises which comprise two-thirds of our national economic activity.

2. Economic security.—is also pretty much taken for granted because most Americans have achieved a large degree of it, now consider it a right, and deem any new economic uncertainty as cause for major concern rather than a normally expected occurrence. Economic security has been accompanied by a steady narrowing of the gap between tax-free welfare benefits and after tax take-home pay from private employment.

3. Perfectionism.—has been adopted by so many Americans that they have little sense of what's "normal" in work, health, or family life and become frustrated when everything is not perfect in a world of imperfect humans.

4. Inflation.—is destroying purchasing power in a way never experienced by most Americans; hence, the old normal of no or low inflation understandably still dominates most adult feelings and current inflationary trends cause alarm.

5. Energy and other shortages.—seem contrived or unreal to 29 year old average aged Americans because limited supplies have really not been a serious threat since World War II, more than three decades ago.

6. Economic developments outside the United States.—have previously provided little or no reason for public interest or concern within our country, so a weak dollar aggravating domestic inflation comes as a distinct surprise. Most U.S. voters believe that our nation has few real friends abroad and too often is forced to face global issues alone.

These developments definitely reflect some of the basic changes taking place in our society and introduce continuing new uncertainties. The very significant overall U.S. economic achievements of the 1970's have dispelled many traditional concerns about job security and no popularly supported national goal has yet been put in its place.

DISTINGUISH BETWEEN STRUCTURAL AND CYCLICAL CHANGES

Thoughtful Americans are making a major change in their approach to most forecasts and decision-making. They have learned that a large part of our current national frustration is caused by undue reliance on cyclical thinking about most economic trends and developments, thinking which results in an attitude of waiting until something familiar from the past reappears.

From time to time in history, business cycles and cyclical thinking are submerged by a tide of structural changes. In the 1930's, a deep cyclical phenomenon gave way to a period of chronic sluggishness. Another era of major change obviously took place during and after World War II when public priorities, values and expectations also were altered drastically. A much feared and forecasted postwar depression, in fact, never came.

In my judgment, we are now in another era of structural change arising out of a convergence of many specific lasting—not cyclical—changes in both the quantity and quality of U.S. life. This era can be expected to persist for at least five years and probably a decade or longer as U.S. citizens and institutions adjust to "new normal" conditions.

In this case, the new normal, in contrast to earlier times, will be marked by more, not less, uncertainty, crises, tensions, and government actions—yet there will be a great deal of solid progress while the corrective adjustment process unfolds.

What are some of these basic or structural changes now taking place in the United States? They frequently are closely related to the most important problems which confront our country:

1. Shift in public priorities to higher quality of life and away from general acceptance of good economic performance as sufficient or satisfactory.

2. Persistent inflation and expectations of further losses of purchasing power cause massive protective shifts in savings and investments seeking highest quality, safety, and more certain inflation offsetting yields; stimulate speculation in housing, precious metals, etc., and contribute to moral decay.

3. Slower real growth, returning to historically lower rates after the end of the prolonged post-World War II catch-up era; reflects less willingness by private sector to take risks because of sharply higher energy costs and government policies; and public resentment over congestion and pollutants associated with recent excessive economic expansions.

4. Shortages of energy, water, and potentially other resources—natural and contrived—cause market disruptions, sharply increased prices, and more political pressures to limit U.S. exports of scarce materials.

5. Increased grass roots participation in overall government activity via state and local initiatives and legislation designed to limit government spending, reduce taxes, and restrain excessive regulatory interference in private affairs; places strong pressures on the federal government also to pursue more disciplined fiscal and monetary policies; and raises prospects for greater tax incentives to investors and savers.

6. More reliance upon the private sector and market mechanisms to achieve results in many sectors heavily dependent upon government funds and programs.

7. Excessive financial liquidity created by chronic government budget deficits; inflation rate now quickly reflected in short-term interest rates and probably long-term as well; rising threat of capital rather than credit shortages; shift away from too literal pursuit of monetarist theory policies but more determined official effort to control money creation.

8. Rapid expansion of role of women and minorities in U.S. labor force, increasing productivity and offsetting some tendency toward job dissatisfaction and reduced work ethic in an overall atmosphere of full or near-full employment.

9. Increased internationalization of U.S. public thinking attributable to adverse pocket-book impact of declining dollar through higher prices of imported products, recognition of heavy dependence upon foreign sources for petroleum and other vital resources, and gradual understanding of the contributions of U.S. exports to domestic employment.

10. Increasing acceptance of the need to rearm—economically and to some extent militarily amidst greater challenges to the U.S. from other nations; prospects for rising U.S. nationalism as a result of the Iranian hostage conflict.

Other structural changes could be listed, but these serve to illustrate in recent years that the old normal of almost total cyclical dominance is fading in the U.S. The old normal—in contrast to what we can now see ahead—had a higher degree of certainty, greater consensus thinking and willingness to follow majority leadership, higher public patience, and more agreement and confidence that real progress was being achieved and would continue. Cycles and rhythms will still be present in the future but will be far less dominant. We must expect less certainty and inevitably more crises in the 1980's.

THE KEY QUESTION FOR THE 1980'S

I haven't yet mentioned the most profound actual or potential structural change involving the United States. It lies in one overriding question on which I know is on the minds of many if not most world leaders, including those here today. In fact, how this question is answered will determine in large measure many critical policies and prospects for the United States and other nations for the 1980's and well beyond.

The question is—Has the United States passed the zenith of its economic power and leadership in the world? Or, more directly—Is the United States "over the hill?"

A "yes" answer pretty clearly means more international challenges and overtures against U.S. interests, increased tensions and prolonged negotiations over any U.S. needs or requests, and diminishing prestige. Domestically, a "yes" answer almost certainly means a contracting rather than a traditionally expanding economy, and individual and group expectations for less and less rather than more and more.

A "no" answer does not imply an immediate lessening of problems for the United States, but indicates a new resurgence of determintion and performance ahead for our country. On this basis, the United States can be expected to work its way through the Achieving Eighties, with substantial progress in resolving many of its present principal problems.

The case for the "yes" answer is a familiar accounting of everything which seems to be going wrong in the United States, with the conviction that our nation is on an irreversible course of self-destruction. Those who hold this view contend that our country is:

1. Lacking strong leadership in government.
2. Unable or unwilling to take the disciplinary measures to stop inflation.
3. Characterized by workers who won't work or don't care about quality.
4. Less and less interested in taking risks, preferring to preserve what we have rather than create more.
5. Divisive on almost all issues and unable to obtain consensus.
6. A "paper tiger" in defense and an unreliable ally.
7. Content to rest on its laurels as a "fat" nation.

I've heard these points and others made in many oversea conversations. Most of this audience no doubt has had similar experiences. Never in my business career have I heard more disparaging remarks about the United States than in recent months.

I have found myself pondering all these accusations of weakness to try to separate facts from emotional criticism or wishful thinking. I have wondered how the image of a nation can change so quickly from the oft said "most powerful on earth" to one which can be challenged on all sides as "over the hill" and too feeble to assert itself on important issues at home and abroad.

THE POSITIVE VIEW ON U.S. PROSPECTS

In many instances when the United States has been chided or denounced by foreigners in my presence, other non-Americans have risen to take a much more positive view. These are the ones who see opportunity in the United States on a scale unequalled elsewhere. They are impressed by our political stability, massive consumer market and relatively attractive labor and other cost levels.

Moreover, within our own country the case for a "no" answer to the "U.S. over the hill" question is found in the belief that the United States:

1. Is now on a decade-long basic process to correct weaknesses arising out of excessive government spending linked to our past almost-total preoccupation with consumption and the demand management side of our economy.
2. Has unequaled national vitality and flexibility in its system.
3. Has enormous resources still to be developed.
4. Has the best educated and utilized labor force.
5. Has the ability to change public priorities, e.g., from unemployment to inflation control.
6. Public will meet any challenges once the seriousness of the problem is understood and the alternative courses of action are known.
7. Voters are strikingly more realistic about fiscal matters than in earlier decades.
8. Is about to embark on a new surge of higher productivity because of the maturing vigor of recent women and minority entrants into our labor force, passing of the peak in expansion of investment for health, safety and the environment, and the prospects of a sharp upturn in innovation, research, development and productive investment.
9. Will benefit from increasing internationalism of public thinking, reinforced by the growing contributions of foreign investors who will help expand U.S. exports, enhance quality and introduce more miniaturization efficiency into American mass production organizations.

FOR NEW SENSE OF U.S. PURPOSE—ASK AMERICANS

In my judgment, the new sense of purpose for the United States for the 1980's will be derived as each American answers this same question.

Some recent U.S. national polls suggest that the "over the hill" view is not limited to offshore doubters. Slightly more than half of U.S. adults currently believe that they have reached the peak of their living standards for many years to come and probably their lifetime.

Taken literally, this would mean an end to the American dream that tomorrow will always be better for us and our children. My own interpretation is more positive, namely, that the average American adult has grown up in a political and economic environment which has lauded expanded consumption—taken job security for granted—and degraded production and the supply side in general of our economy.

Not surprisingly, therefore, too many Americans cannot see that the solution to our major problems lies in new vigorous attention and encouragement to supply management, particularly in the private sector. By pursuing this policy a new national sense of purpose will be found.

If we Americans believe our country is not over the hill, everyone will know whether we are correct in a few years. We can make sure that it isn't by supporting public and private actions which will increase the productive side of our economy—i.e., strengthen saving; investment; efficiency, quality; increase innovation; increase incentives to work, invest, and make more profits; reduce regulations on business; provide more realistic environmental standards to permit greater development and use of U.S. energy resources; widen the gap between tax-free welfare payments for those who can work and the minimum wage, and encourage the greater joint use of skills and powers between the public and private sectors.

My management colleagues at Bank of America and I are not willing to say that the U.S. is over the hill. The process to correct our principal problems is already underway, but it's going to take a great deal of public effort and support to complete it in the decade ahead.

Let me also say that low public confidence across America is not new. I've seen it at least five times previously in my lifetime—in the depths of the depressed 1930's, in the early years of World War II, during the persistent threat of the long-expected post World War II depression (which never came), during the years of cold war with the Soviet Union, and amid the social unrest associated with the Vietnam War. In each case, public confidence was ultimately restored and a new economic resurgence took place.

Why should it not happen again?

THE ASIAN NATIONS CAN BENEFIT FROM U.S. CHANGES

Whenever a country undergoes some significant changes, as the United States is now doing, the opportunity arises for a comprehensive reappraisal of needs, relationships, policies, and programs. If the structural changes mentioned here are as profound and far-reaching as I believe them to be for the United States, certainly the ASEAN nations will be affected directly and indirectly.

Just beneath the surface in our country is always a current of incipient protectionism which can quickly emerge into a wave of anti-foreign sentiment in the face of some unhappy incident. The strong prospect of an economic recession this year in the United States, primarily in the older industrial centers of the Northeastern states, obviously increases the possibility of fewer U.S. imports and possibly some more restrictions on trade. This danger seems small, however, because the Southeast Asian countries' exports to the U.S. are fairly high priority items to a considerable extent and not dominant competition in most U.S. markets.

U.S. consumers are now extremely value conscious and are seeking the highest quality possible. Many have extended themselves somewhat during the recent Christmas shopping season, and can be expected to buy at a distinctly slower rate during the next six months or longer. In addition, the rapid rise in the price of petroleum and other energy products necessitates more prudent spending on other items in the family budget. Essentials will remain in strong demand.

As American families make these shifts in their purchasing patterns on a structural basis, it will be important that sellers of ASEAN products monitor their U.S. markets with extreme care. Many fairly permanent decisions will be made in 1980 toward products and sources which can affect sales for years to come. An image of exceptional quality and service as well as value will be of the utmost importance.

Similarly, in 1980 American business firms will be carefully making their plans for longer range raw materials and processed goods purchases against a background of domestic inflation and the spectre of possible mandatory economic controls. Any help which can be obtained from ASEAN sources will be eagerly recognized. Clearly, there is widespread understanding in the U.S. that world market conditions are unsettled and will remain so at least during the year ahead. There is a keen U.S. interest in doing business with nations and companies which will make and fulfill firm commitments in the mutual interest of all parties involved. The United States obviously has to be a reliable supplier as well.

Unhappily, most Americans still have a rather hazy and not too positive view toward South East Asian countries. The Vietnam War experience is still to vivid not to be a negative factor in plans being made by many U.S. individuals, companies, and governmental agencies. Accordingly, any news reports of guerrilla warfare, border incidents, weak governments, or political maneuvers tend to reaffirm general doubts about the region and its future.

This situation calls for more ASEAN economic and diplomatic missions to the United States to explain and update policies and prospects and vice versa. This conference, once again, serves very constructive, informational and decision influencing purposes. Those who know South East Asia well are generally rather optimistic about the longer range outlook. They are impressed by the regional cohesiveness and stability which has been achieved because of the determined efforts of ASEAN leaders, many of whom are here today. Many senior U.S. government and corporate officials, however, still are not too familiar with the area and hesitant without strong new reasons to finalize major investment or similar decisions. There is still a continuing large-scale selling task to be done.

The greatest competitive threat to large-scale investments in almost any nation is the current attractiveness of opportunities in the United States. It is readily apparent that the persistent economic invasion of the United States by investors from outside is still underway with no real indication of any sharp downturn on the horizon.

Specifically, in my judgment the impact of major U.S. structural changes upon the ASEAN countries will be:

1. Persistent U.S. inflation means some continued weakness in the dollar and an urgent need for imports which will not aggravate the U.S. price level.

2. Slower real growth will limit general sales expansion in the U.S., but will not seriously impact many essentials.

3. U.S. shortages of materials available in South East Asia will mean strong sales opportunities.

4. Increasing grass roots political power in the U.S. will necessitate far more efforts by ASEAN leaders to explain their policies and actions in the U.S. communities in order to win strong U.S. support for ASEAN plans and projects.

5. More reliance in the U.S. upon the private sector means an increasing necessity for ASEAN leaders to increase their negotiations directly with U.S. private sector leaders on business matters and an opportunity to cooperate with the U.S. private sector to help answer regulatory questions on matters pertaining to a U.S.–ASEAN trade and investments.

6. Excessive financial liquidity offers borrowing opportunities for qualified ASEAN organizations, but a capital shortage will limit investments to those projects which promise the highest returns.

7. Rapid expansion in use of minorities in the U.S. labor force, "The Affirmative Action Program", and similar developments can provide some information to ASEAN countries on how to train and develop unskilled or inexperienced individuals into valuable members of the labor force.

8. Increased international of U.S. public thinking means that international development arising from the ASEAN countries will attract more interest in the U.S., particularly as to their economic effects on our country and whether they seem positive or negative toward the U.S. and probably Japan.

9. U.S. greater acceptance of the need to rearm economically in particular will lead to stronger U.S. competition in foreign markets and a more aggressive posture in world affairs.

Whether the United States has passed beyond the zenith of its economic and political power may be open to some question, but it is clear to me that our country is embarking on a major self-correcting program to reinforce its still enormous strengths. No one, of course, should expect the United States to reassume its earlier supreme global role in the post World War II era of worldwide economic rebuilding and postwar power vacuum among nations.

Americans generally are now quite willing to discuss our weaknesses and shortcomings. In fact, it is not difficult to find them in the United States or any other nation. It is far more difficult to find and articulate constructive suggestions as to how best to remedy any nation's problem in economic and politically realistic terms.

Therefore, I would predict that general American attitudes toward the ASEAN and other nations in the 1980's will hinge in no small way upon U.S. participant perception whether foreign negotiators seek to pursue and exploit the "over the hill" point of view. To do so, unfortunately, could fan a new fire of U.S. nationalism and certainly would accelerate U.S. economic rearmament activities. To test the skills of U.S. bargainers on the merits of the case before them will be essential, because we have much to learn about negotiating with fewer trump cards in our hand.

The United States basically is still very strong. We have lost some important momentum, however, and we cannot rest on any laurels we might have. The most important fact to everyone here today is that the American public now correctly senses something is wrong and is more and more prepared for whatever corrective action—including some sacrifices—may be necessary.

I'm personally convinced that our country will adjust to the many structural changes which are now underway and emerge stronger, in the 1980's, but this will have to be proved in this part of the world as well as elsewhere. Meanwhile, a constructive attitude toward the United States and its people and organizations will be helpful in understanding this period of structural change in our country.●

U.S.-U.S.S.R. CIVIL DEFENSE PROGRAMS

● Mr. GARN. Mr. President, the issue of civil defense has been a source of debate for a number of years. Many scholars and strategic thinkers have made positive contributions to this debate. In this light, therefore, I would like to draw to the attention of my colleagues a very well written and provocative analysis by Col. Robert K. Peel, "Civil Defense: The United States Versus the U.S.S.R."

I believe the depth of Colonel Peel's commitment to the security of this Nation is evident in his research report on U.S. civil defense needs. Mr. President, I ask that Colonel Peel's study be printed in the RECORD.

The study follows:

CIVIL DEFENSE—THE UNITED STATES VERSUS THE U.S.S.R.

SECTION I: INTRODUCTION

When we think of the strategic balance, we generally think in terms of weapon systems. We also think in terms of the triad—missiles, planes and submarine-launched missiles. In policy statements, we say that civil defense is also an important part of our strategic forces. When it comes to putting out money for our strategic forces, however, civil defense is hardly in the running as an important part of those forces. While this is true in the United States, it is hardly true in Russia. In the Soviet Union, civil defense is ". . . listed on par with other branches of the Soviet Armed Forces, and is considered to be an essential factor for ensuring the survival of the Soviet Union, and for the attainment of victory in a war." [1] Since the Soviets perceive civil defense as ". . . an integral part of Soviet overall defense capability. . ." [2] they put a considerable amount of money into it, and have done so on a continuing basis for many years.

In an article entitled "Nuclear War—A Soviet Option", Mr. O. C. Boileau, president of the Boeing Aerospace Company, commented as follows:

"Back when we were debating the anti-ballistic missile in this country several years ago, it was generally recognized that the effect of massive ABM deployments would be to undermine the stability of the strategic relationship between the two countries. If you had a first-class arsenal of ABMs, you might decide that you could afford to fire the first salvo of ICBMs because you could shoot down most of the other guy's missiles when he fired back. Neither nation wanted to risk having the other get into this tempting position.

Well, the Soviet civil defense program threatens to destabilize the strategic relationship for the same reasons . . . the net effect of a broad civil defense program is to transform strategic superiority into a tool useful for nuclear blackmail—or for winning a nuclear war.[3]

The Soviet Union believes, effectively then, not in a triad, but in a quad system that places civil defense on a par with missiles, planes, and submarine-launched missiles, and makes it an essential part of their strategic forces.

A comparison of the civil defense program in the U.S.S.R. and the United States points to the problem of destabilizing the strategic balance in favor of the U.S.S.R., and to steps needed to redress that balance.

SECTION II: CIVIL DEFENSE IN THE U.S.S.R.

The status of civil defense in the U.S.S.R., includes its place in strategic policy, the money and effort that goes into civil defense, its organization and its present capability.

In his book, Soviet Civil Defense in the 70s, Leon Goure brings out that the fact that the Soviets still have the view that ". . . the struggle and rivalry between socialist and capitalistic countries are part of and one of the forms of the world class struggle . . ." [4] and they feel that this struggle will continue until the Communists win a final victory on a world scale.[5] Thus, the ". . . fundamental operational doctrine of Soviet foreign and defense policies remain unaffected by any detente or, as the Soviets prefer to call it, 'peaceful co-existence,' between the U.S. and the Soviet Union." [6]

". . . G. Arbalov, the head of Civil Defense in the U.S.S.R., wrote in January 1975, that 'No country can set itself the aim of defeating the enemy at the cost of its own destruction." [7] The alternatives would be not to go to war, or to develop a war-survival capability. Current Soviet policy appears to be the latter. This impacts on foreign policy calculations, because it invalidates the U.S. concept of 'assured destruction', i.e., the U.S. view that if it can destroy one-third of the Soviet population and one-half to two-thirds of the industrial potential the Soviets will be deterred from going to war. "Since the Soviets feel that that level of destruction can be denied the U.S., to that extent civil defense contributes to Soviet deterrence of a U.S. attack." [8]

The Soviet civil defense program goes far beyond the protection of its population in wartime. It includes the hardening and dispersal of vital industries and services, the organizing, equipping and training of large civil defense formations, the compulsory training of the entire population, the protection of agriculture and food and water supplies, helping when natural disasters occur,[9] and urban planning measures which ". . . restrict the growth of large cities; reduce building density of urban areas and create satellite cities; and include the construction of wide major thoroughfares; construction of green belts and strips; construction of water reservoirs, and the building of network of highways around the city." [10] To enforce the urban planning, Soviet citizens must have residence permits in order to settle in a city.[11]

It is difficult to measure the cost of the Soviet civil defense program. It is estimated that Soviet civil defense expenditures last year were a billion dollars, ten times that of the United States. A CIA estimate puts the Soviet investment much higher. "Intelligence services in Western Europe have estimated $65 billion for the past decade." [12] Costs have to include shelter construction, training, hardening of industries, construction costs in connection with urban planning, exercises by large segments of the population, personnel costs for a large civil defense organization, dispersal of industries, etc.

Training has to be a large part of any discussion of effort that goes into the civil defense program in the Soviet Union. "The basis of the Soviet Civil Defense Program is the compulsory training of the entire adult population." [13] This training is an annual affair in which proficiency must be demonstrated.[14] The training begins with children who get ". . . a 15 hour course in school in the fifth grade and a 35 hour course in the 9th grade." [15] "Using model villages, defense training '. . . includes practice loading for evacuation, construction of expedient radiation shelters, fire fighting, rescue, medical

Footnotes at end of article.

aid, decontamination and reconstruction." [16] The size of training continues to increase, and realism is encouraged. In some exercises, volunteer blood donors actually give blood.[17] Civil defense lectures are a regular part of radio and TV programming.[18] Competitions by civil defense teams is promoted—even 'international competitions' are held with participants from Eastern European countries." [19] Factory workers are organized for civil defense, with some ". . . factories staffed by officers on active duty, frequently of general or colonel rank." [20] They are trained and equipped ". . . to conduct rescue, damage-limiting and emergency repair, and restoration work at the installation, in the event that it suffers damage from an attack." [21] Support of civil defense is also given by the various volunteer organizations.[22]

Soviet Civil Defense is organized at the top, in its central leadership, by a deputy Minister of Defense. He has an appropriate military staff organization working with him, and he is commander of the military civil defense forces.[23] Below that central leadership, civil defense is organized at its levels of government, i.e., Union Republic, region (or oblasts), cities, city-districts to rural districts, worker's settlements and villages. "At each government level, civil defense is organized on the basis of the government unit departments, i.e., at a city level, 'the services' are organized on the basis of the various municipal departments." [24] Military personnel fill the civil defense staffs at republic, region and large cities, and some factories, quite often, at general or colonel rank.[25] "The permanent, full-time staff of the civil defense organization now numbers 72,000, and a major portion of them are military. . . in time of crisis, this permanent staff would be augmented by the Soviet's police force of half a million." [26]

The present capability of the Soviet civil defense is very high. The number of shelters is growing rapidly every year, and with 53–64 percent of the urban population having accommodations four years ago, the number of shelters now available must have grown substantially. The shift in the 1970s to assigning priority to shelters in the Soviet civil defense programs indicates that the Soviets are pretty far along in their shelter construction program.[27] In addition, a trained cadre of about 10 million people make both the shelter program and crisis relocation believable programs.[28]

Crisis relocation

Crisis relocation is an important part of the Soviets' plan to protect its population from attack.[29] ". . . A 1973 Soviet Civil Defense manual asserted that pre-attack evacuation and dispersal of the 'main mass of residents of large cities and important installations' can save it from harm." [30] It is planned that the workers will commute daily ". . . to their factories from their pre-attack evacuation site, while non-essential people will be evacuated further out for the duration of the emergency." [31] Thus, while one shift works in the factory (with shelters provided for only one shift), the other shift will be at the evacuation site. "They intend to evacuate and disperse their population prior to the onset of hostilities . . . they intend to supply an urban assembly area for each two to three thousand urban dwellers. These are permanently staffed . . . vehicle convoys and in some cases, trains will be provided. Some of the able-bodied will be formed into marching brigades." [32] Every means of evacuation, then, will be utilized, public and private. The Soviets are trying to complete the evacuation in less than 72 hours. Those traveling on foot must plan to go at least 25 Km (15.6 miles) or more.[33] Numerous evacuation exercises have been conducted during the last number of years, and they ". . . appear to be increasing in scope and frequency." [34] As part of urban planning, "the development of recreational zones on the city's periphery is said to facilitate the evacuation and dispersal of the urban residents and to create possible re-settlement areas for some of them." [35]

The evacuation areas, as previously noted, are located at least 25 Km from the towns or cities. Many are located on collective farms. "The farmer is given the number and even the names of the people he's to receive. . . . some of these groups will go right to work building simple shelters, which are already designed. It takes about 11 hours to construct a shelter which will hold ten people, and it will have a blast resistancy of 30 to 50 pounds per square inch and a radiation protection factor of about 1,000." [36]

Crisis relocation was pushed hard in the 1960s, but in the 1970s there has been a shift to assigning priority to the building of shelters in the Soviet Civil Defense Program. This shift indicates ". . . that the Soviets are pretty far along in their shelter construction program. This appears to be confirmed by Soviet statements which suggest that the earlier emphasis on Crisis evacuation was due in part to the limited shelter inventory, because it took a long time to develop a substantial ready shelter capacity." [37]

This re-emphasis on shelters rather than on crisis relocation is rather ominous. "With the development of a large ready shelter capacity in potential target cities and areas, the Soviet leadership is acquiring the capability of protecting valuable elements of the population in the event of a sudden outbreak of war, as well as avoiding giving the West strategic warning of its intentions, which the massive pre-attack evacuation is bound to provide." [38]

The shelter program

The Soviets have been building shelters for over 40 years, so their inventory of shelters covers a wide variety.[39] The hard shelters are to be found in the urban areas and must protect against blast. (The hard shelters are built with reinforced steel and quality concrete. They are built to house large numbers of people).[40] The shelters found in rural areas and small towns protect mainly against fallout.

"Radiation covers are shelters built to protect against fallout in small towns and rural areas, and house less than 50 persons. Many designs and materials are used. They have, usually, simple air filters and ventilation systems. The P.F. ratings are variable. They could be erected rapidly by the local population." [41] They can be detached shelters, adapted basements, or cellars, or slit trenches. In winter, or areas of perma-frost, where diggings would be difficult, ". . . frozen blocks of earth can form the roof and 1–2 meters of snow on top—PF factor of 200–400." [42] Small expedient shelters in the winter can be built in the form of small huts made with poles and dry branches, with mounds of snow 1.5 to 2 meters thick at the top, and 4 to 5 meters on the sides. This is said to provide a protection factor of 50–80.[43]

In order to stay in a shelter for an extended time, several conditions are necessary. These include the required temperature and humidity, a ventilation system that provides breathable air, food, water and a sanitation system. The minimum space per person is 0.5 meters square.[44] Instructions on provisions and ventilation systems and sanitation systems are supplied to the people.

In the cities, "the most widely available shelters are the detached and basement shelters. The usual detached shelter is often used at factories and houses 150–1000 persons." [45] Features of the detached shelters include: at least two doors, built entirely underground, partitioned inside for groups of 50–75 persons, filter ventilation units, toilets, and air locks at the entrances.[46] The most common shelter is the basement shelter. The walls are ½ to 1½ meters thick and the roofs 12cm to 50cm thick. They generally have a tunnel for an emergency exit, usually found in the back yard. They house 50 to 500 or more persons, but usually 150–300 persons. They are equipped for long term occupancy.[47] Where possible, detached and basement shelters are given dual uses as shops, theaters, offices, storage facilities, etc.[48]

The Soviets have become very proficient in erecting blast shelters in under 72 hours. They are "built of pre-fabricated reinforced steel structural units, commonly water or sewer conduits 1.5 to 2 meters in diameter, or square. They have a PF in the range of 400 to 1000, with most in the 800 to 1000 range. They have blast doors and can house under 100 persons." [49]

The Soviets plan to have their industry also. "In a study by Boeing, which assumed the use of heavy nuclear weapons against hardened missile sites, with only smaller Poseidon and Trident warheads remaining, the damage to industry by these smaller warheads was calculated. 'The results showed that a lot of roofs would be blown off, but more than 50 percent of the industrial equipment around them would do even better.' While the buildings would be heavily damaged, a good part of the equipment would remain in working condition. This includes most of their heavy industry with survival of 75–90 percent." [50]

For the last 10 years, most of the new industrial facilities have been built in small or medium size towns. "Scientific centers have also been located away from large urban areas. Duplicate facilities have been built for some critical industries . . . some underground complexes." [51] Other industrial plans include: ". . . stockpiling of fuel, raw materials, spare and semi-finished parts, a certain degree of hardening of the installation, of the production process and of sources of power and transportation." [52]

SECTION III: CIVIL DEFENSE IN THE UNITED STATES

In a statement by Bardyl R. Tirana, DCPA Director, to a Congressional Committee on January 8, 1979, he stated, "The committee has asked that I testify on the current status of U.S. civil defense. The existing U.S. civil defense program is not effective.

Since the early 1960's, the program has concentrated on sheltering the population in-place, in the best-available protection in existing structures, at or near homes, schools, and places of work.

Most of the capabilities for in-place protection developed through the 1960's have deteriorated significantly. Shelter stocks have exceeded their intended shelf-life and have deteriorated, and many have been removed from shelters. Other systems and capabilities have been held to a maintenance level or less for a decade." [53]

In a letter appearance before a Congressional Committee, on March 22, 1979, Mr. Tirana discussed crisis relocation. He pointed out that a study requested by the President indicated that with an effective crisis relocation program, we could project an 80 percent survival rate for the United States.[54] He then stated that the crisis relocation program was proceeding very slowly—that it would take a decade to complete the plans, let alone full implementation. "Thus, there is not at present an effective U.S. capability for population relocation during a crisis." [55] Without an effective crisis relocation program, it is projected that there would be only 80–90 million survivors in a nuclear war.[56]

In the United States, lip-service is given to the fact that Civil Defense is an important part of our strategic forces. In fact, it receives less than 1 percent of the monies for strategic forces.

Footnotes at end of article.

As far as organization is concerned, civil defense is no longer tied in with the armed forces of the country, but tied in with an organization most concerned with natural disasters. There are under 6,000 personnel professionally engaged in civil defense work in the country. Not all counties and cities have civil defense directors, because they don't choose to spend limited funds in this area. Of those that are on board, not too many have received available training, because again, local governments don't wish to spend money in this area. For the same reason, organizational positions are not fully manned. And because salaries are often low, the quality of the force is not all it could be. And even when the quality is good, moonlighting is required to keep the personnel financially solvent.

In summary, the United States does not have a viable, believable civil defense force, and surely not one that would cause strategic deterrence to an enemy of this country.

Crisis relocation

The author of Counter-Evacuation indicates why the United States is so eager to embrace crisis relocation:

"The Soviet Union has highly developed plans to evacuate their population centers in a nuclear confrontation. Their plans include construction of expedient shelters in the outlying areas and continued operation of their essential industry by commuting workers. If they should successfully implement their plan, a subsequent nuclear exchange with the United States would cost them far fewer casualties than they suffered in WWII. Without a corresponding evacuation, the United States could lose from 50 to 70 percent of its population. This asymmetry in vulnerability, if allowed to persist, would seriously weaken the bargaining position of the U.S. President. To restore the balance, a great reduction in vulnerability can be achieved most economically by planning a U.S. counter-evacuation as a response to a Soviet evacuation." [57]

The United States has more facilities to move people than the Soviet Union does. With all its automobiles, it ought to be able to move all its people out of the cities in one day, rather than three.[58] (Gasoline shortages would now be a consideration.).

There are problems, however. "Private ownership of housing, especially rural, is a disadvantage to a U.S. evacuation. . . . Unless redirection of food distribution to the rural area is clearly evident to the host population, legitimate concern for its future safety could seriously raise . . . resistance." [59] Also, since the Soviets will have a commuting work force maintain essential production, the United States will be at a great disadvantage in bargaining if the evacuation lasts more than a few days." [60] After all, the Soviets could be required to evacuate and return many times. But let the citizens of the United States have one or two false alarms, and the next time around, many would fail to go. There would then be tremendous pressure for shelters.[61]

The Soviet citizens understand as U.S. citizens do not, ". . . that nuclear war does not mean the end of mankind, or even the civilization of the participants, if prudent precautions are taken to protect the population from its effects." [62] We can, in fact, save many lives by utilizing the improvements in shelter technology made in the last ten years—some of it adapted from the Soviets. "We now know how to improvise very high protection factor shelters with excellent habitability in no more than 48 hours, using a wide variety of materials and measures at hand." [63] (See Table.)

Politics: To get the increases in the FEMA budget needed, would require re-educating the public. The new agency to which civil defense has been moved.

Threatening the survival of the evacuees—trying to move them to areas where no provisions, water or shelter are available.

Threatening the survival of the host population—too many evacuees, and no provisions.

Unresponsiveness—if the U.S. population doesn't move quickly, the Russians will lose their vulnerability faster than the Americans.

Lack of Durability: The Americans would have to endure the evacuation at least as well as the Russians.

Vulnerability to false alarms: The Soviets could be ordered to evacuate repeatedly—after one time; the Americans would have to go to a crash shelter program.

Disadvantageous Prospects for long-term survival: Why make the effort if you are going to starve or die of radiation anyway?

If crisis evacuation is to be meaningful, preparations should be made in the pre-crisis time: "1. Encourage people to accumulate two weeks supply of non-perishable food and other needed items. 2. Development of emergency plans. 3. Construct expedient shelters at plants, homes, and host areas.[64] 4. Direct crisis plans to re-direct food supplies to host areas. 5. Distribution of instructions to the people. 6. Once Soviet evacuation takes place, U.S. evacuation must follow immediately (have full gas tanks). 7. Expedient shelters should be built immediately." [65]

The shelter program

The United States faces a greater fallout problem than the Soviet Union for two reasons: The Soviets have dirtier and bigger nuclear weapons, and the area of the United States is smaller than that of the Soviet Union by half.[66]

We are concerned about two kinds of shelters. A shelter that can withstand the blast effect—the lethal overpressures that can destroy buildings, and a shelter that can withstand the fallout threat. That is, we can expect ". . . an atack of 5000 megatons to arrive. This means a fatal dose to people who are unprotected, in about 25% of the area of the country, and to people in PF–20 shelters in about 5% of the area." [67]

While no place in the country is exempt from the hazards of lethal radiation, the weather pattern at the time of the detonation will determine where the fallout will be deposited. "In contrast to blast, it is theoretically possible to save everyone from fallout, anywhere it is possible to dig." [68]

In considering which areas should be evacuated, it should be remembered that densely populated areas not near targets would not need to evacuate, while small towns or cities near targets should evacuate. "Those nearby areas that trade with the urban areas are the logical reception areas for urban evacuees. They are also called Office of Business areas (OBE)." [69] The population of New York would have to be distributed over the Binghamton, Albany and Wilkes-Barre areas.[70]

"By taking advantage of the inherent blast hardness and wide adaptability of expedient shelter designs . . . areas threatened by overpressures of 5 or even 10 psi can remain unevacuated. The number of evacuees would be reduced by a significant factor. The load on reception areas and hosting ratios would be enormously reduced." [71]

"The basements and improved basements have the advantage of being waterproof. They are generally available where winters are severe." [72] From almost half to almost three-fourths of the population of the United States could be sheltered in rural residential basements, depending on how many people were crowded into them.[73]

About 70 percent of the population of the country lives in areas where small pole shelters could be made. "The small pole shelter, when made with green poles, with adequate cover of dry earth is extremely blast resistant in addition to having a very high radiation protection factor." [74] (See Table.)

"The door-covered trench shelter is potentially the most available single shelter type for evacuees. Interior doors are available in virtually every residence in sufficient numbers to shelter the occupants and are quite portable. Properly constructed, this shelter provides fallout protection in excess of 200, good weather and surprising blast protection . . . They are the most rapidly constructable of all the high PF shelters." [75]

When one considers the availability of expedient shelters in the United States, it is hard to understand why the various studies show such a high loss for the U.S. population in a nuclear war. Even in the heavily populated areas of the northeast, many people have back yards and parks available.

Unlike the Soviets, we have not been actively dispersing our industries, but have concentrated industrial complexes. "The Soviets perceive the state of civil defense in 'leading Capitalistic countries' as being unsatisfactory at present and not meeting the needs of modern nuclear war." [76] Indeed, "The high concentration of industry, which is characteristic of the main capitalistic countries, is in obvious contradiction to the requirements of a missile nuclear war. It results in giving the economic regions the significance of major military-industrial targets of strategic significance, the loss of which would undermine the economic capabilities of the state in wartime." [77]

There is no reason why we cannot harden existing industry, and make a determined effort to disperse future industry. We must also insure that there are shelters available at industrial sites for at least one shift of workers, and hardened shelters available to the workers who would have to commute during a crisis relocation situation.

SECTION IV: DESTABILIZATION OF THE STRATEGIC BALANCE

It is important that we consider the possible outcomes of losing the strategic balance.

"The Soviet's leaders, beginning with Lenin, have made no secret of their views of history. They foresee the collapse of the West and the eventual triumph of communism. In this sense, they are not speaking merely as leaders of a powerful nation, but as men charged with the duty of carrying out the revolutionary mission of communism. The proclaimed objective of this doctrine . . . is a universal communist society." [78]

In an updated article of several years ago, entitled "Russia's Military Buildup", by Ernest Cuneo, the thought was expressed that ". . . the intent of a major power can be measured by what it does with its steel." [79] He then goes on to document that the Russians are arming to the teeth. "Thus, whatever may be the diplomatic talk of detente and of the thawing of the cold war, Russia relentlessly pursues a policy of unprecedented armament building, approaching what would have been called before World War II a massive mobilization." [80]

Mr. Samuel P. Huntington, Director, Center for International Affairs, Harvard University, testified before a Congressional Committee on January 8, 1979, as follows:

"The past decade has also seen a significant change in the military balance of power between the Soviet Union . . . and the United States and its allies. . . . The Soviet Union has now achieved essential equivalence in strategic forces with the United States. During the next several years. moreover, the Soviet Union will have significant advantages . . . [over] . . . the United States in two key sectors of the overall strategic balance. First, the Soviets will have the capability to destroy a major portion of the U.S. ICBM forces in a first strike, while the United States will not have a comparable capability. . . . Second, the Soviet Union will have a substantial civil defense program which

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could, through a combination of shelters, and evacuation, provide protection for Soviet leadership and the overwhelming majority of Soviet citizens in the event of a nuclear confrontation. The United States will not have a comparable capability. These two imbalances in the strategic equation interact with and reinforce one another. . . . The decision on nuclear escalation no longer rests primarily in American hands, as it did a decade or so ago. In addition, the ABM treaty in effect bans active defenses against missile attacks, and the United States has chosen not to maintain either a significant continental air defense capability or a meaningful civil defense program. . . . If an all out nuclear exchange were to occur now, the bulk of U.S. industry and urban structures would be destroyed and a high proportion of U.S. leadership and probably over 100,000,000 citizens would be immediate fatalities. . . . Civil defense clearly asumes new importance as a means of enhancing the survivability of American citizens." [81]

The Russians well understand the strategic importance of civil defense. Milovidov states, ". . . it is impossible without civil defense to protect the population and the nation's economy. Civil defense is becoming a strategic factor with substantial determining influence on the course and outcome of a modern war, as well as on the postwar restoration of the economy." [82]

In an article by Joseph Fromm, Deputy Editor for U.S. News and World Report, entitled "New Alarm Over Russian Threat," some chilling possibilities emerge:

"By 1983, most analysts predict, Russia will achieve an unprecedented, but probably temporary, strategic advantage over the United States. . . . With that advantage, the Soviets will be in a position to threaten a knockout attack against America's entire system of land-based inter-continental ballistic missiles, continue to confront Western Europe with superior forces and intervene in remote crisis spots with increasing vigor. . . . But there is another side to this picture. Russia's impressive gains in military strength will coincide with worsening economic difficulties in the Soviet Union. . . . In this situation, strategic analysts warn, the Soviets will be tempted to exploit their military advantage before the United States can reverse the balance and before the Kremlin feels the full effects of economic and political pressures." [83]

In this same article, Samuel P. Huntington is quoted as stating, "Historically—and we cite Hitler as an example—crisis and conflicts occur when one power has gotten a lead and the other party wakes up and attempts to catch up." [84] William Hyland, a key member of Henry Kissinger's foreign policy team, points out that the optimal period for the Soviets to act, or do something, is the next five years. After that the Soviets will have problems of their own. "While American analysts differ over future Kremlin behavior, there is little disagreement over the magnitude of the Soviet military buildup. . . . The buildup, it is argued, exceeds anything the Russians could conceivably require for defensive purposes." [85]

The Soviets will face the same energy problems as the United States very soon, and this will be part of the reason the Soviet's economic problems will grow. "A CIA report predicts that Russia's economic troubles will be exacerbated by a sharp fall in oil production over the next few years, from roughly 12 million barrels daily to a possible low of 8 million barrels. If this forecast is correct, Russia would be transformed from a major oil exporter . . to an importer, spending as much as 10 billion dollars in 1985 for foreign oil." [86]

A scenario of what might happen follows: The time is 1982. Soviet military might is at its peak. Its civil defense is ready. It has not yet run out of oil. An incident is provoked in Iran, perhaps—or any other place. The situation escalates until the Soviets evacuate their cities. The Americans follow suit, but with much difficulty. The crisis is allowed to relax somewhat and it appears the Russians return to their cities. In fact, if there are any peoples without shelters, they stay in the country. The Americans return to their cities. The Soviets then hit the United States with a preemptive strike, and simultaneously four things happen: 1. Our missiles are hit in their silos. 2. Killer satellites destroy our observation satellites and our communication and navigational satellites (a capability Ira Aker points out the Soviets have though we do not).[87] 3. Washington D.C. is hit by sub-launched missiles. 4 Large nuclear detonations in the atmosphere cause electromagnetic pulse to wipe out much of our communications. The Russians survive relatively intact, due to strong civil defense, but the United States is devastated.

". . . The Russian national sport is chess. To win at chess, it is not necessary to wipe the enemy players off the board. All that is necessary is to hold the opponent in check. It is not the number of pieces on the board that is decisive—indeed, it is obligatory to begin with parity—it is the tactical arrangement of the pieces on the board that matters. The present arrangement is frightening." [88]

Finally, in a comment by James Schlesinger recently, it was pointed out that the only way to have non-nuclear options, is to have a strong conventional forces capability.[89] Mr. Boileau points out: "Right now . . . our conventional forces are outmanned and out-gunned . . . In such a situation, we might be left with only our nuclear deterrent. And when that time comes—if it comes—and we are faced with Soviet nuclear superiority, then we have no deterrent at all." [90]

Possible methods of revitalizing U.S. civil defense

The backbone of the Soviet civil defense is a strong shelter program and strong well-trained civil defense forces. The place for the United States to start to build a viable program is in the area of people and shelters.

Civil defense directors should be federalized to the extent that their salaries are fully funded and on a federal pay scale. This would mean that you could have a force of competent people on a livable wage in every county and city of any size in the United States. Training would be fully funded by the federal government. *Mobdes* (Reserves assigned to civil defense) personnel assigned to civil defense should be placed in category 'A' training status, so as to receive constant training and so as to be fully prepared. All reservists not on active reserve status, instead of being put in the inactive reserve, would become part of the national civil defense forces, as is done in Switzerland, and would be required to receive minimum annual training of from 16 to 40 or more hours. All Federal employees would receive 8 to 16 hours annual training in civil defense—to include the building of expedient radiation shelters, first aid, fire fighting, communications, etc. Subsidize similar training for all adults in adult education programs on a voluntary basis. The use of educational television stations for civil defense training on a regular basis would be helpful. Establish teams of reservists who could go out to small counties/towns to assist in times of natural disasters. It might even be wise to assign reservists to factories and large businesses.

It is essential that the shelter program be instigated to provide hardened shelters for workers who would have to commute during a crisis relocation situation, and also at factories and businesses that would have to be kept in production. They are also needed in densely populated areas, such as New York. In most other places, expedient shelters would provide satisfactory shelter. Some pre-preparation could be done on expedient shelters, such as building them adjacent to suburban homes, pouring heavy cement patios as roofs to the shelters. Factories should harden their present facilities, and future facilities should be dispersed to smaller towns and cities. This could be encouraged by special tax relief for a period of time. In the future, when public buildings are constructed, especially schools and federal buildings, basement floors should be included in their facilities—both to act as shelters and to conserve energy. Indeed, underground facilities would be desirable, water level and climate permitting. This would be desirable for shopping malls also. In some areas of the country, these could also double for tornado shelters.

One other area that deserves some attention is the area of warning the population of impending disasters. A device is needed that can have a warning signal activated by a central source, such as doctors, firemen and others currently use. One should be available in every home, car and office, and portable for those who work at some distance from them. It should also be possible to tie in Musac or other music systems in offices and malls so that warning could be given.

The will of the U.S. to keep the strategic balance

Mr. Samuel P. Huntington has stated, "In order for the Soviets to use their own nuclear forces effectively as a political instrument . . . they would have to be able to protect their own population." [91] The same would, of course, apply to the United States. And if that effective use is for deterrence, and the survivability of the American people, then a strong viable civil defense is of utmost importance. Secretary Brown has stated, "What counts in deterrence . . . is not only what we may believe, but also what the Soviet leaders may believe . . ." [92] Mr. Huntington goes on, "Given the importance they attach to damage limitation as a necessary element in a deterrent posture, they cannot assign a high level of credibility to a deterrent policy which does not attempt to limit damage to U.S. society if that policy had to be implemented. A substantial asymmetry in survivability between Soviet and American societies in the event of a nuclear war can only encourage the Soviets to question the seriousness of U.S. purpose and hence also encourage them to follow a more adventurous policy." [93]

In point of fact, . . . "only a strong civil defense program would show strength of purpose or will to Soviets or our allies.[94] ". . . The least stable situation [then, for the United States] . . . is one in which there are marked asymmetries in civil defense capability . . . If the United States does not undertake an expanded civil defense program, the least stable situation will exist in a future crisis." [95]

We insist on having a fire station near where we live. We also want a good hospital nearby. We insist also on fire stairs on buildings and life boats on ships.[96] These life-saving programs help us survive disasters. We should insist on civil defense also. If Norway, Switzerland and Israel can spend about ten dollars a person per year for civil defense, surely the United States can increase from a paltry 42 cents per capita to a like amount.[97]

Not only money, but people are needed in civil defense. In Switzerland, it is simple. "For every healthy and able man between the ages of 20 and 60 and not draft-

Footnotes at end of article.

ed for military service (or dispensed from such service by the war economy organization), civil defense service is compulsory." [98] Others may volunteer for civil defense service.[99]

"In a recent interview, Alexander Solzhenitsyn . . . said, 'The West is on the verge of a collapse created by its own hands.' He said he has noted a decline in both the strength and resolution of the West during the two years he's been out of Russia . . . What Solzhenitsyn seems to be saying is that the degeneration is underway, and that, off there in the wings, the military power is being prepared to apply the final push." [100]

Only if the American people can be aroused in time, and can fully realize what they face, will they successfully meet the challenge of survival.

SECTION V: CONCLUSIONS

As civil defense in the Soviet Union and the United States are compared, it is obvious to see that a dangerous imbalance exists. It is in the area of civil defense that the strategic balance has been destabilized. The United States now finds itself in an either/or situation. Either the U.S. can immediately upgrade its civil defense program, *or* the U.S. will find itself in an untenable position—a position of surrender to nuclear blackmail. There is yet time! Using the lessons learned from the Russians in the building of expedient shelters, we can assure ourselves that we can indeed survive a nuclear war. The problem is that the Soviets know this lesson too—and what before was unthinkable, is now thinkable indeed, if they can assure themselves of the privilege of naming the time, place and conditions.

It is a matter, then, of immediately putting forth the money, manpower and effort to redress the strategic balance by building a viable civil defense program NOW!

PROTECTION AVAILABLE FROM EXPEDIENT SHELTERS

Shelter types: Applicable site	Fallout protection factor [1]	Blast resistance (P.S.I.) [2]	Construction time (hours) [3]
Door-covered trench: Stable soil	200+	5–6	12
Log-covered trench: Stable soil	200+	15–(?)	36
Wire-catenary: Stable soil	200+	15–30	36
Small pole: Unsaturated, unstable soil, high blast threat	500+	30–80	48
Israeli: Free-running soil	500+	20–40	36
A-frame: High water table	20+	20–(?)	48
Basement: Cold climate, low water table	10–20	2–3	6
Improved basement: Cold climate, low water table	40–200	10–30	[4] 24–7½

[1] With entrance kept clear of fallout.
[2] Pounds per square inch.
[3] Tested construction times by rural and small town residents using hand tools.
[4] Estimate.

Footnote [101].

FOOTNOTES

[1] Leon Goure, *Soviet Civil Defense in the Seventies*, Report Prepared by the Center for Advanced International Studies, (Coral Gables: University of Miami, 1975), p. v.
[2] *Ibid.*
[3] O. C. Boileau, "Nuclear War: A Soviet Option, Part II" *Foresight*, (Winter, 1977), 2.
[4] Goure, *Op. cit.*, p. 7.
[5] *Ibid.*
[6] *Ibid.*, p. 4.
[7] *Ibid.*, p. 23.
[8] *Ibid.*
[9] *Ibid*, p. v.
[10] *Ibid.*, *p.* 70.
[11] *Ibid.*
[12] J. G. Hubbell, "Soviet Civil Defense: The Grim Realities," *The Reader's Digest*, (February, 1978), 80.
[13] Goure, *Op. cit.*, p. 82.
[14] *Ibid.*, p. 84.
[15] *Ibid.*
[16] Boileau, *Op. cit.*, p. 4.
[17] Goure, *Op. cit.*, p. 91.
[18] *Ibid.*, p. 93.
[19] *Ibid.*, p. 94.
[20] *Ibid.*, p. 46.
[21] *Ibid.*, p. 67.
[22] *Ibid.*, p. 46.
[23] *Ibid.*, p. 38.
[24] *Ibid.*, p. 39.
[25] *Ibid.*, p. 46.
[26] Boileau, *Op. cit.*, p. 2.
[27] Leon Goure, *Shelters in Soviet War Survival Strategy*. A Report for the Center for International Studies (Coral Gables: University of Miami, 1978), p. vii.
[28] Boileau, *Op. cit.*, p. 4.
[29] Goure, *Soviet Civil Defense in the Seventies*, p. 50.
[30] *Ibid.*, p. 51.
[31] *Ibid.*, pp. 51–53.
[32] Boileau, *Op. cit.*, p. 3.
[33] Goure, *Op, cit.*, p. 55.
[34] *Ibid.*
[35] *Ibid.*, p. 71.
[36] Boileau, *Op. cit.*, p. 3.
[37] Goure, *Shelters . . .*, p. vii.
[38] *Ibid.*, p. viii.
[39] *Ibid.*, p. 5.
[40] *Ibid.*, p. 10.
[41] *Ibid.*, p. 27.
[42] *Ibid.*, p. 34.
[43] *Ibid.*
[44] *Ibid.*, p. 51.
[45] *Ibid.*, *p.* 22.
[46] *Ibid.*, p. 11.
[47] *Ibid.*, p. 20.
[48] *Ibid.*, p. 24.
[49] *Ibid.*, pp. 24–24.
[50] Boileau, *Op. cit.*, p. 3.
[51] *Ibid.*, p. 4.
[52] Goure, *Soviet Civil . . .*, p. 67.
[53] U.S., Defense Civil Preparedness Agency, *Information Bulletin*. No. 303 (1979), First presentation, Tyrana, 1.
[54] *Ibid.*, Third presentation, p. 3.
[55] *Ibid.*, p. 2.
[56] *Ibid.*, First presentation, p. 1.
[57] C. V. Chester, G. A. Christy, C. M. Haaland, *Strategic Considerations in Planning a Counterevacuation* (Tennessee: Oak Ridge National Laboratory, 1975), p. 1.
[58] *Ibid.*
[59] *Ibid.*
[60] *Ibid.*, p. 2.
[61] *Ibid.*
[62] *Ibid.*, p. 3.
[63] *Ibid.*, p. 4.
[64] *Ibid.*, pp. 4–6.
[65] *Ibid.*, p. 22.
[66] *Ibid.*, p. 7.
[67] *Ibid.*, p. 9.
[68] *Ibid.*
[69] *Ibid.*, p. 11.
[71] *Ibid.*, p. 14.
[72] *Ibid.*, p. 16.
[73] *Ibid.*
[74] *Ibid.*, pp. 16–17.
[75] *Ibid.*, p. 17.
[76] Goure, *Soviet Civil . . .*, p. 30.
[77] *Ibid.*, p. 31.
[78] Oc. C. Boileau, "Nuclear War: A Soviet Option, Part I," *Foresight* (Fall, 1976), p. 3.
[79] *Deseret News*, Ernest Cuneo, "Russia's Military Buildup", No date, No page.
[80] *Ibid.*
[81] U.S., Defense Civil Preparedness Agency, *Information Bulletin*, No. 303 (1979), Second Presentation, Huntington, p. 3.
[82] Goure, *Soviet Civil . . .*, p. 27.
[83] J. Fromm, "New Alarm Over Russian Threat, *"U.S. News and World Report*, LXXXV (October 30, 1978), p. 47.
[84] *Ibid.*
[85] *Ibid.*, p. 48.
[86] *Ibid.*, p. 49.
[87] I. C. Aker, "The Military Space Program Lags," *National Defense*, LXIII (May–June 1979), p. 27.
[88] *Deseret News*, June 1, 1979, Michael Novak, "Salt II Checkmate is Enough for Russia," no page.
[89] Boileau, *Op. cit.*, part II, p. 5.
[90] *Ibid.*
[91] U.S., Defense Civil Preparedness Agency, *Information Bulletin*, No. 303 (1979), Second presentation, Huntington, p. 9.
[92] *Ibid.*, p. 10.
[93] *Ibid.*
[94] *Ibid.*, p. 11.
[95] *Ibid.*, p. 12.
[96] *Ibid*, p. 15.
[97] *Ibid.*
[98] Switzerland, Federal Office of Civil Defense, *The Swiss Civil Defense* (1978), p. 24.
[99] *Ibid.*
[100] Boileau, *Op. cit.*, Part II, p. 3.
[101] Chester, *Op. cit.*, p. 16.

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A RESPONSE TO PRESIDENT CARTER'S BUDGET

● Mr. HAYAKAWA. Mr. President, in 1976 inflation was 4.8 percent, welcome relief from the 12.2 percent we had experienced just 2 years before. In 1977 inflation rose 6.8 percent. In 1978 it rose 9 percent. Last year our inflation rate rose 13.3 percent, the most since 1946 when the removal of wartime controls drove inflation up 18.2 percent. Now our President, after presiding over 3 straight years of increasing inflation, is telling us his budget for fiscal year 1981 is prudent and responsible.

President Carter's economic policies continue to be disappointing. He stated that we cannot spend our way out of inflation. He stated that "the unemployed should not bear the costs of our anti-inflation efforts." I agree, but, if we continue to follow his economic philosophy, the unemployed will remain so and we will all look back on 13.3-percent inflation with nostalgic longing. The major factor underlying both inflation and unemployment is productivity. Last year, for only the second time since World War II, we experienced a net loss in productivity. According to the Department of Labor, productivity fell 0.9 percent for 1979. The President's budget, and his

projections into the years ahead, propose only more disincentives to productivity.

Government taxes continue and will continue to reduce the supply side of the economy and make increased productivity virtually impossible. According to President Carter's own figures, total tax receipts will rise 103 percent between 1980 and 1985. During that same period, the President projects that the gross national product (GNP) will only increase 75 percent. This drag on the private, productive sector of the economy will prohibit the business expansion necessary to increase productivity and create vitally needed new jobs. Productivity depends on business and business depends on money. Yet Government will continue to take a larger and larger share of the money from the productive sector of the economy leaving less and less for research and development, new machinery, new buildings and new jobs.

This can be seen in graphic detail if we compare the increases per year in personal income with the annual increases in personal taxes projected by the President's budget. In 1980, with personal income rising 9.7 percent personal income tax receipts will rise 9.6 percent. In 1981, with personal income rising 9.7 percent, personal income tax receipts will rise 14.9 percent. In 1982, with personal income rising 12 percent, personal income tax receipts will rise 16.1 percent. It gets worse. By 1985, the President projects that personal income will rise only 10.9 percent, but personal income tax receipts will rise 18.1 percent. Since personal income includes nontaxable Government transfer payments to individuals, the tax burden falls even heavier on those who pay the taxes. It is discouraging to note that the President expects total receipts as a percentage of GNP to rise from 21.1 percent in 1980 to 23.6 percent in 1985. Thus the incentive necessary for investment and capital formation will continue to decrease as the Government continues to take a larger and larger portion of the economic pie. In an editorial on January 29, 1980, the Wall Street Journal points out that, "incentive depends less on the tax on all income than the tax on additional income. The budget shows that the tax burden on increases in personal income will rise from 11.2 percent in 1980 to 23.3 percent in 1985—a startling 109-percent increase."

At the level of taxation that Jimmy Carter proposes to soak the taxpayer in coming years, productivity will decline further. Inflation will increase and the only employment many of our present unemployed will be able to find, will be public works jobs paid for with increasing Federal deficits.

An economy is a fragile thing. Government cannot continue to take and take and expect ours to be robust. If you have a milk cow, you have to feed her and care for her if you want her to give milk—you cannot beat her and starve her and expect the same results. I wonder how Jimmy Carter managed to raise peanuts. I think the Wall Street Journal summed up my feelings very well when they said, "the worst of circumstances—declining real growth, rising unemployment, 10-percent-plus inflation and a rising proportion of the budget going to pay the interest on the Federal debt—would appear to be just around the corner if the budget's economic forecast is accurate. The President proposes to deal with it all by offering even more of the same medicine that put us where we are. His spending proposals, combined with the tax increases * * * are a prescription for running the economy into the ground." ●

HAL SCOTT RETIRES

● Mr. CHILES. Mr. President. Friday, February 1, 1980 marks the retirement of a man who holds a special place in the hearts of all Floridians who are concerned with the environment and natural resources of our beautiful State. Mr. Hal Scott has served for 10 years as President of the Florida Audubon Society and, in that decade, he has been a major force in the effort to preserve the State's delicate ecology and assure wise and prudent development of our resources.

The year 1980 has been designated by the President as the Year of the Coast, and I am struck by the fact that it is because of persons such as Hal Scott that we have become sensitive to the importance and vulnerability of our marine environment and coastal resources. Hal Scott has been a seminal thinker and educator in the whole area of resource management, pointing the way time and time again to how we can meet the needs of a vigorous growth State while insuring protection of the environment.

I can think of few areas of public policy that pose more difficult questions and decisions than environmental protection. The progress we have made in that direction has been a most strenuous process fraught with many roadblocks and setbacks. It is an effort that demands wisdom and hard-headed judgment. Those virtues are what Hal Scott has consistently brought to the public debate. Since my election to the Senate, I have valued his counsel on so many legislative matters. Because he really knows the legislative process, its potential and its limits, he has been able to play a most constructive role in the consideration and disposition of a whole range of issues.

It would be impossible to succinctly describe the tremendous record of service that Hal Scott has accomplished over the years. The esteem in which he is held is evidenced by the many honors that have come his way including the Special Award of the central Florida section of the American Institute of Architects; the Tropical Audubon Society 1978 Conservationist of the Year Award and the U.S. Army Corps of Engineers—Jacksonville district—Special Award. The breadth of his interest and involvement can be seen from his active service as vice chairman of the Department of Interior OCS Advisory Board, and member of the State Department Law of the Seas Public Advisory Committee, the Chemical Transportation Advisory Committee of Department of Transportation, and the Environmental Protection Committee of the Interstate Oil Compact Commission.

Perhaps the most telling thing that I can say about Hal Scott is that when he tried to retire a year ago, the Audubon Society and the entire conservation community of Florida simply refused to allow him to step down. This time he has stood firm and his retirement will soon be a reality. However, I know that Hal Scott will continue to be an active leader for the important goals he has pursued throughout his career. I know the entire Florida Congressional Delegation wishes him well in his future endeavors. ●

OPEC IS WINNER, THANKS TO U.S. PRICE CONTROLS

● Mr. TOWER. Mr. President, one of the truisms of basic economics is that when prices are set arbitrarily and artificially, without regard to the forces of supply and demand operating naturally in a free marketplace, resources will be misallocated, thus making shortage inevitable.

This simple phenomenon was argued repeatedly last year by opponents of the ill-conceived crude oil "windfall profit" tax bill. But without apparent success.

The adverse consequences of artificial price restraints are not confined to crude oil, of course, but will result from the price suppression of any other commodity as well. This fact is incontrovertible, but evidently is widely misunderstood or intentionally ignored by an amazing share of the public and Members of Congress.

Price controls on domestic crude oil production illustrate vividly why Americans today are not able to enjoy the necessary supplies of gasoline, fuel oil, and other crude oil byproducts. Those who do not comprehend that, unless prices are allowed to rise according to demand, additional energy supplies will be unavailable, insist on villifying American oil companies as the culprits. In fact, the major oil producers are mere bystanders in this period of spiraling crude oil prices. The real winner from U.S. price controls is not our domestic oil producers, but OPEC. Meanwhile, it is the American consumer who gets rolled.

An excellent analysis of how OPEC profits from U.S. price controls has been written by Prof. Randall J. Olsen, assistant professor of economics at Yale University, which appeared in the January 4 edition of the Wall Street Journal. I ask that this article be printed in the RECORD.

The article follows:

HOW OPEC PROFITS FROM U.S. PRICE CONTROLS

(By Randall J. Olsen)

OPEC, with the help of the U.S. government, has found an easy way to extract extra billions from the American economy.

To understand how this is happening, it's necessary to dispose of two myths. The first is that present price controls on domestic oil benefit the consumer by keeping gasoline and other products prices significantly lower than they otherwise would be. The second is that it is irrational for OPEC to be selling under contract for $25 a barrel at the same time that it is receiving about $40 a barrel on the "spot" market.

The first proposition has been challenged

on this page on the grounds that the prices of petroleum products such as fuel oil and gasoline are already selling at close to world levels. The chief beneficiaries of controls on crude oil produced in the U.S. aren't the consumers but the refiners, who buy controlled oil at prices below those paid by European refiners but are selling their output at nearly the same prices as their counterparts elsewhere around the world.

However, this argument must be amended. Increasingly, it's not the U.S. refiners but OPEC's members who are benefitting from U.S. controls on domestic crude. OPEC is doing this through its pricing system, in which it sells some of its oil at "official" posted prices of up to $25 a barrel and a growing amount at up to $40 a barrel on the non-contract spot market. Far from being irrational, such a system appears to reflect a more or less calculated effort to exploit U.S. price controls. This system in turn reflects Energy Department regulations which attempt to prevent oil companies from charging the higher spot price for oil purchased at the lower contract price.

As is so often the case, government efforts to regulate the marketplace are having unintended consequences. DOE officials no doubt thought their rules would protect us from "profiteering" oil companies. Instead, their efforts are encouraging "profiteering" by OPEC. The oil companies are only a pawn in this game.

By law, the cost of imported oil must be mixed with the cost of domestic price-controlled crude. Because we import about half our oil, each one dollar per barrel increase in the price of OPEC crude increases the price of the mixture of domestic and imported crude only 50 cents per barrel. Suppose price controls on domestic oil actually resulted in lower prices for American consumers. This would mean that when OPEC increases its prices the purchasers who buy the resulting mixture in the U.S. would pay a smaller increase than their counterparts in Europe. There would be less incentive for U.S. consumers to conserve. This failure to conserve in the U.S. encourages OPEC to charge high prices.

This is almost what happens but not quite. As we have seen, U.S. consumers already are paying close to world prices for the end products made from crude. If they weren't, multinational oil companies would be rerouting their products to other markets to take advantage of higher prices there.

One might suppose the oil companies are making "windfall" profits in their refining operations on the difference between what they pay for their mix of price-controlled crude and foreign oil and the world prices they charge for products. But OPEC understands this, too, and has stumbled upon a simple method for pocketing those windfalls for itself.

OPEC's technique is to shift growing amounts of oil into the "spot" market. Spot oil traditionally has been lower priced, because it was the excess oil available for emergencies when a company or country found itself a bit short. But it is now higher; in fact, the price difference between contract and spot oil has risen in recent months to seemingly breathtaking levels. When one tracks the price of spot oil these days, one notices an interesting fact: When spot oil is mixed with less costly price-controlled U.S. crude, the result is oil whose average price is as high as the price paid by the rest of the world for oil.

Say, for example, that oil companies are generally paying a world contract price of $25 a barrel. And say that U.S. price controls prevent domestic producers from charging more than $10 a barrel. Is it any surprise that the spot price will be about $40?

U.S. companies generally can't sell that $40 oil in Europe or other non-U.S. markets because it's above the world price; the companies would take a beating on such a transaction. Instead, they import the $40 oil and sell the $25 oil elsewhere. There's no incentive to import the $25 oil because they can't make any more profit on it in the U.S. than they can on $40 oil. They are only allowed to pass through their costs, not charge a $15 markup. But they can sell the $25 oil elsewhere for whatever it will fetch.

The result is that the oil company earns a profit by selling high priced OPEC oil to the U.S. and low priced OPEC oil to Europe. OPEC, in effect, collects the difference between the controlled price of our domestic oil and the world price.

Once we understand what is going on in the oil market it is no surprise that OPEC was unable to agree upon a single benchmark price for oil. By having two benchmark prices for oil OPEC will be able to obtain roughly $40 billion per year *more* from America. It would be remarkable if OPEC passed up $40 billion just to have a unified oil price system. The only alternative we have is to raise the price of our domestic oil to the world price immediately. Those who would have us do otherwise are in fact seeking to enrich OPEC at the expense of Americans.●

THE FTC AND THE CONSUMER

● Mr. METZENBAUM. Mr. President, several days before Congress recessed and the 1st session of the 96th Congress drew to a close, I began to submit on a daily basis editorials about the Federal Trade Commission. These editorials all shared similar themes—that the FTC is invaluable to consumers and that the congressional assault on this agency's authority is dangerous and wrong.

I would like to resume the practice of submitting such editorials on the FTC so that my colleagues will have the opportunity of hearing all sides of the argument for an independent, aggressive Federal Trade Commission.

Today, I am submitting an editorial which appeared in California's Sacramento Bee on November 29, 1979. It points out how important it is for American consumers to have a strong and active FTC working on their behalf. I ask that the editorial be printed in the RECORD.

The editorial follows:

ATTACK ON THE FTC

The Federal Trade Commission, the consumer protection agency that in recent years has actively campaigned against misleading advertising and promotional activities, has managed to alienate a lot of powerful people. As a result, Congress held up its budget for two years in a row and is now considering a host of bills that would not only reduce the agency's scope, its powers and its finances, but redefine its very purpose.

The Senate Commerce Committee, in its anger about the FTC's campaign against deceptive children's television ads, recently voted virtually to eliminate the FTC's ability to make any industrywide rules about what constitutes acceptable advertising. And to curtail an investigation of tobacco industry health claims, it voted to sharply reduce the agency's ability to collect information for any investigation. Taken together, those and similar measures now going through the committee do more than kill specific investigations; they jeopardize all ongoing FTC inquiries and several existing FTC regulations, among them its highly praised rules banning deception in advertising of eyeglasses and vocational training programs.

In the House, the special interest attack on the FTC has been even more direct. The House called on any interested industry to submit whatever requests for exemptions from FTC investigation they choose and this week passed every exemption requested.

This outcome was predictable from the first test of these special interest bills, when the House, at the request of the funeral industry, overwhelmingly voted to simply overturn the FTC's proposed funeral industry rules. Those rules would have done no more than ban the most unscrupulous practices of the funeral industry. They would have prevented funeral parlors from lying about what were the minimum purchases legally required for burial and cremation. And they would have made it illegal to offer grieving relatives only the most expensive package of burial services, implying that these were all that were available. Although the FTC had conducted years of hearings before deciding on these eminently fair regulations, the House voted to undo them without even the pretense of a hearing on the merits.

The House has now passed several other special interest exemptions, as well as a more general "solution" to the FTC "problem," a bill providing that either house of Congress can veto any FTC ruling—thus opening the door wide to many more travesties like the funeral vote. The full Senate will vote soon on its Commerce Committee's recommendations and the House bills.

The FTC may have brought on its troubles with its own overzealousness, as its congressional critics maintain. But if the effectiveness of certain industries in obtaining indefensible special interest legislation from Congress proves anything, it is the pressing need for a zealous and independent FTC to protect consumers from unscrupulous uses of just such industry power.●

RULES OF THE COMMITTEE ON THE JUDICIARY

● Mr. THURMOND. Mr. President, in accordance with paragraph 2 of rule 26 of the Standing Rules of the Senate, I submit for printing in the CONGRESSIONAL RECORD the rules of procedure of the Senate Committee on the Judiciary.

The material follows:

RULES OF THE COMMITTEE ON THE JUDICIARY

I. MEETINGS OF THE COMMITTEE

1. Meetings may be called by the Chairman as he may deem necessary on three days notice or in the alternative with the consent of the Ranking Minority Member or pursuant to the provision of Sec. 133(a) of the Legislative Reorganization Act of 1946, as amended.

2. Each witness who is to appear before the Committee or any subcommittee shall file with the Committee, at least 48 hours in advance of the hearing, a written statement of his testimony in as many copies as the Chairman of the Committee or subcommittee prescribes.

3. On the request of any member, a nomination or bill on the agenda of the Committee will be held over until the next meeting of the Committee or for one week, whichever occurs later.

II. QUORUMS

1. Nine members shall constitute a quorum of the Committee when reporting a bill or nomination; provided that proxies shall not be counted in making a quorum.

2. For the purpose of taking sworn testimony, a quorum of the Committee and each subcommittee thereof, now or hereafter appointed, shall consist of one Senator.

III. PROXIES

When a record vote is taken in the Committee on any bill, resolution, amendment, or any other question, a quorum being present, a member who is unable to attend the

meeting may submit his vote by proxy, in writing or by telephone, or through personal instructions. A proxy must be specific with respect to the matters it addresses.

IV. BRINGING A MATTER TO A VOTE

The Chairman shall entertain a non-debatable motion to bring a matter before the Committee to a vote. If there is objection to bringing the matter to a vote without further debate, a rollcall vote of the Committee shall be taken, and debate shall be terminated if the motion to bring the matter to a vote without further debate passes with ten votes in the affirmative, one of which must be cast by the Minority.

V. SUBCOMMITTEES

1. Any member of the Committee may sit with any subcommittee during its hearings or any other meeting, but shall not have the authority to vote on any matter before the subcommittee unless he is a member of such subcommittee.

2. Subcommittees shall be considered de novo whenever there is a change in the subcommittee chairmanship, and seniority on the particular subcommittee shall not necessarily apply.

3. Except for matters retained at the full Committee, matters shall be referred to the appropriate subcommittee or subcommittees by the Chairman, except as agreed by a majority vote of the Committee or by the agreement of the Chairman and the Ranking Minority Member.●

MARRIAGE WITH CHINA COULD JEOPARDIZE U.S. AIMS

● Mr. McGOVERN. Mr. President, Stanley Karnow is an experienced journalist with a background of expertise in Asian policy matters. In a recent article, he cautions that playing "the China card" could end up jeopardizing American interests. He raises some fundamental military and foreign policy questions about the unfolding security relationship between the United States and China which should be considered by the Senate as we seek to develop new responses to the breakdown of détente and the events in Southwest Asia. I am therefore asking to insert his article, entitled "The China Card," from the January 21 Baltimore Sun, into the RECORD.

The text of the article follows:

THE CHINA CARD

WASHINGTON.—After admitting that he has been naive about the Soviet Union, Jimmy Carter now seems to be displaying a similar kind of innocence toward China. His approach to Peking could also prove to be an occasion for disaster.

The administration's new reach to the Chinese was stated recently in Peking by Secretary of Defense Harold Brown, who expressed the hope that the "global strategic relationship" between the United States and China would "broaden and deepen" in the face of their common hostility toward the Soviet Union.

But that objective is fraught with hazards. For the so-called "China card," which the Carter administration has been yearning to play against the Russians since its formal recognition of Peking last year, is hardly an ace. Backing the Chinese against the Soviet Union, therefore, could be dangerous.

This is not to deny that the United States and China share a parallel interest in discouraging Soviet designs in South Asia. It would be risky, however, for the United States to commit itself to the cause of the Chinese in their larger dispute with the Russians.

Such a commitment could draw the United States into a war of enormous dimensions should a major Sino-Soviet conflict erupt. It could also involve the United States again in Southeast Asia if tensions between China and Vietnam erupt in renewed fighting.

A closer security link with Peking makes it more difficult as well for the United States to improve its ties with the Russians in the event that they retreat to moderation in Afghanistan and elsewhere.

Most significantly, it is an illusion to believe that China can serve as a real counterweight to the Soviet Union in a triangular power game. As Mr. Brown himself observed during his trip, the Chinese military machine is obsolete. Its full modernization would cost more than either the United States or China could afford.

A realistically prudent view of the prospects for military co-operation between the United States and China is held by the Pentagon professionals, who estimated in a secret study made last year that giving the Chinese a "confident capability" to defend themselves against the Soviet Union would cost between $41 billion and $63 billion.

The study was recently leaked to Drew Middleton of the New York *Times*, presumably in an attempt to restrict the notion that a U.S. military aid program to China is a plausible undertaking.

According to the Pentagon experts, China lacks the capability to handle a large-scale infusion of modern arms, even if they were provided by the United States. As the study puts it, China's "relatively unsophisticated common soldiers" are probably unable to maintain even "low technology" equipment. Besides, China's needs are tremendous.

Bringing its forces up to date, the study calculates, would require from 3,000 to 8,600 new medium tanks, some 10,000 armored personnel carriers, roughly 20,000 heavy trucks, 6,000 air-to-air missiles, 720 mobile surface-to-air missile launchers, and, among other equipment, 240 fighter-bomber aircraft.

In addition, the backward Chinese economy would have to be expanded and modernized in order to sustain a rise in the level of the country's military effectiveness.

The Pentagon specialists doubt that American advisers could operate easily in China, since "traditional Chinese xenophobia" would "limit our ability to deal directly with the Chinese on a large scale."

The experts further point out that the Soviet Union might react against a U.S. buildup of the Chinese military establishment by staging a preemptive attack against China. They suggest, too, that American support for China during an actual conflict might prompt Moscow to launch retaliatory strikes against the United States or Western Europe.

On the other hand, the Pentagon specialists see no way for either the Russians or the Chinese to defeat each other decisively. A Soviet conventional or nuclear offensive cannot result in domination of China, which is too vast a land to control. Nor can the Chinese do more than conduct "shallow raids" against Soviet territory.

But, the experts conclude, the outcome of a Sino-Soviet war could ultimately be detrimental to the West. For even though the Russians would not beat the Chinese, they would weaken China enough to permit the redeployment of Soviet troops out of Asia into Europe.

This appraisal does not differ substantially from the assessments offered by professional soldiers in years past. Back in the late 1940s, for example, General George Marshall warned that involvement in China was the road to nowhere, and General Matthew Ridgway echoed the same sentiment during the Korean War.

It is questionable, with all this, whether President Carter is listening to the cautious counsel of the professionals. True, he has ruled out the delivery of weapons to China for the present. But, by supplying Peking with a ground satellite facility that has been denied to the Soviet Union, he is conveying the impression that he may be prepared to go further in underwriting the Chinese militarily.

Expedients contrived to meet immediate crises have a way of becoming long-range policies. Thus, the courtship of China, begun to exert pressure on the Russians in the present confrontation, could develop into a marriage that, over time, may jeopardize genuine U.S. aims rather than strengthen them.●

CORRECTION IN THE ENGROSSMENT OF H.R. 5288

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CRANSTON, I ask unanimous consent that in the engrossment of the bill, H.R. 5288, an act to amend title 38, United States Code, and for other purposes, the Secretary of the Senate be authorized and directed to make the following corrections:

In the table contained in section 901 of the bill, strike out "230" in column II on the line relating to half-time institutional training, and insert in lieu thereof "130"; and in section 902(5), strike out "$75" and insert in lieu thereof "$79."

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER VITIATING ACTION ON S. 1879 AND TAKING ACTION ON H.R. 5176

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. GLENN, I make the following unanimous-consent request: On January 25, 1980, the Senate passed by voice vote S. 1879, the General Accounting Office Personnel Act of 1979. The Senate needs to pass the House bill on this same subject. It is my understanding that with the adoption of technical amendments it is likely that the House would then accept the bill and the technical amendments without requesting a conference.

Accordingly, I make the following request: I ask unanimous consent that the Senate vitiate its actions of tabling the motion to reconsider and passage of S. 1879 on January 25; that the engrossment and advancement to third reading be vitiated, and that the technical amendments, which I shall send to the desk, be considered and agreed to en bloc, and that the bill again be advanced to third reading; that the Committee on Governmental Affairs be discharged from further consideration of H.R. 5176, and that the Senate proceed to its immediate consideration; that everything after the enacting clause of H.R. 5176 be stricken, and that the text of S. 1879, as amended, be inserted in lieu thereof, the bill passed, and the motion to reconsider laid on the table, and that S. 1879 then be indefinitely postponed.

Mr. STEVENS. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) on behalf of Mr. GLENN

proposes an unprinted amendment numbered 940:

On page 1, line 4, and on page 19, line 18, strike "1979" and insert in lieu thereof, "1980".

On page 2, line 23, strike all up to the word "in" and on line 24, and insert in lieu thereof: "(B) prohibit the personnel practices prohibited".

On page 6, line 2, strike "(c)".

On page 7, line 21, strike "chairman" and insert in lieu thereof, "chair".

On page 10, line 13, strike "prescribed" and insert in lieu thereof "payable".

On page 10, line 19, strike all after the period through line 22 and insert in lieu thereof the following: "All members of the Board shall be entitled to travel expenses and per diem allowances in accordance with section 5703 of title 5, United States Code.".

On page 18, line 22, strike "(17)" and insert in lieu thereof "(4)".

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW; AND FOR RECOGNITION OF CERTAIN SENATORS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m.

Mr. President, I ask unanimous consent that the weather forecast calling for snow be vitiated and that substituted in lieu thereof there be partly sunny skies. [Laughter.]

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. That the winds be not to exceed 2 miles per hour and that they be north, northeasterly, rather than southwesterly, and that there be no precipitation.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, in view of the order that was just entered, that the Senate, when it completes its business today stand in recess until 9:15 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after the prayer, which I hope will provide for another snowless day on Friday, the following Senators be recognized and that the majority leader and minority leader, or their designees, not be recognized under the standing order—we will shut them out, along with the snow—and that Mr. LEVIN and Mr. HAYAKAWA—now, we have a request for rain tomorrow.

The PRESIDING OFFICER. Does the Chair hear 9:30?

[Laughter.]

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, now that we have been assured that there will be 29 days in this coming February, that the time for Mr. LEVIN and Mr. HAYAKAWA be reduced to 15 minutes, rather than to 15 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. And that they may fight or do anything they wish over the division of that time, as long as it is a friendly fracas, and that Mr. LEAHY be recognized for 15 minutes, all following the prayer.

And that upon the completion of those two orders, the Senate resume consideration of H.R. 3236, the social security disability bill.

Mr. President, I ask unanimous consent—the winds have changed again—that the order for the Senate's convening tomorrow at 9:30 be changed to 9:15 and that the order for the recognition of the leaders, or their designees, be restored, but with the proviso that it be reduced to 7½ minutes each.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. ROBERT C. BYRD. Now, if anybody can understand what I have just done, I would like for them to explain it to me.

Mr. MATSUNAGA. Mr. President, if the majority leader will yield, I was under the belief all along that the distinguished majority leader was created in His image. But, after listening to the orders being issued this evening, I am beginning to believe he is closer to the Creator than that.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as the Senate completes action on H.R. 3236 tomorrow, or at such time as that measure is set aside, whichever may be the case, the Senate proceed to the consideration of S. 1648, Calendar Order No. 445, which is the airport development bill; that action not be completed on that bill tomorrow, but that an amendment by Mr. SASSER be in order on Monday or Tuesday to that bill, on whichever day the Senate action is resumed on the bill, but that no other amendments be in order on such day, except amendments to the amendment, if there be such;

That on Friday of this week, the Senate proceed, first of all, to consider Senate Resolution 109, relating to functions of the Ethics Committee, on which there is a time agreement; and that upon the disposition of Senate Resolution 109 on Friday, the Senate proceed to the consideration of H.R. 5168, Calendar Order No. 454, which is the bill extending certain expiring provisions of law relating to personnel management of the Armed Forces;

That if there is a closed session—which I understand will be requested and seconded—the closed session not extend beyond 4 hours, the time to be equally divided between Mr. WARNER and Mr. NUNN; and that action on that bill not be completed that day, but that all amendments that have not been excepted according to the order be called up Friday, or otherwise, that they not be in order when the Senate resumes consideration of H.R. 5168 on Monday; that on Monday the only amendments to be in order would be the amendment by Mr. SCHMITT, which is already covered by the agreement, the amendment by Mr. ARMSTRONG, which is already covered by the agreement, and a substitute amendment to the Armstrong amendment on which there be a 2-hour time limitation; that amendment to be the Warner-Nunn amendment, and that the time on that amendment be equally divided between Mr. ARMSTRONG, the opponent of the amendment, and Messrs. WARNER and NUNN; and that any rollcall votes on legislation on Monday, if ordered, begin not before 6 p.m.

Mr. STEVENS. Reserving the right to object, it is my understanding that the Schmitt amendment, the Armstrong amendment, and the Warner-Nunn amendment would be the only amendments that would then be in order on Monday under the specific time agreement specified, and that any votes that take place on the amendments to that bill, once it is called up on Friday, will take place not before 6 o'clock on Monday? Is that my understanding?

That would mean that any amendments that are offered on Friday afternoon after the closed session would be voted upon not earlier than 6 p.m. on Monday, at the same time as the others. That is my understanding.

Mr. ROBERT C. BYRD. That is the understanding, Mr. President.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I wish to make a slight modification in the agreement on S. 1648, Calendar Order No. 445, the airport and airway improvement bill, as follows:

The time on any amendment being 30 minutes equally divided under the agreement previously entered, I ask unanimous consent that on an amendment by Mr. BELLMON, provided it is germane, there be a 1-hour time limitation to be equally divided in accordance with the usual form. It is my understanding that it will be a germane amendment and the request is conditioned on its being germane.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. MATSUNGA. Mr. President, if there be no further business to come before the Senate, I now move that the Senate stand in recess until the hour of 9:15 a.m. tomorrow.

The motion was agreed to; and at 7:24 p.m. the Senate recessed until Thursday, January 31, 1980, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate January 30, 1980:

DEPARTMENT OF COMMERCE

Margaret Muth Laurence, of Virginia, to be an Assistant Commissioner of Patents and Trademarks, vice Sidney A. Diamond, elevated.

CALIFORNIA DEBRIS COMMISSION

Col. Paul Frederick Kavanaugh, [redacted] Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of an Act of Congress approved 1 March 1893 (27 Stat. 507) (33 U.S.C. 661).

NATIONAL COUNCIL ON THE ARTS

The following-named persons to be members of the National Council on the Arts for

the remainder of the terms expiring September 3, 1980:

James E. Barnett, of Georgia, vice Thomas Schippers, resigned.

Leonard L. Farber, of Florida, vice Jerome Robbins, resigned.

Sandra J. Hale, of Minnesota, vice Angus Bowmer, deceased.

DEPARTMENT OF TRANSPORTATION

The following-named persons to be members of the advisory board of the Saint Lawrence Seaway Development Corporation:

Conrad M. Fredin, of Minnesota, vice William W. Knight, Jr., resigned.

Francis Albert Kornegay, of Michigan, vice Miles F. McKee, resigned.

DEPARTMENT OF JUSTICE

Raymond L. Acosta, of Puerto Rico, to be U.S. Attorney for the district of Puerto Rico for the term of 4 years, vice Julio Morales Sanchez, resigned.

John Saul Edwards, of Virginia, to be U.S. Attorney for the western district of Virginia for the term of 4 years, vice Paul R. Thomson, Jr., resigned.

James R. Laffoon, of California, to be U.S. Marshal for the southern district of California for the term of 4 years (reappointment).

John W. Spurrier, of Maryland, to be U.S. Marshal for the district of Maryland for the term of 4 years (reappointment).

IN THE NAVY

The following-named lieutenants of the U.S. Navy for temporary promotions to the grade of lieutenant commander in the various staff corps, as indicated, pursuant to title 10, United States Code, sections 5773 (staff corps), 5793 (Medical and Dental Corps) and 5791, subject to qualifications therefor as provided by law:

MEDICAL CORPS

Allred, Thomas J.
Aulicino, Pat L.
Ayers, Warren V.
Bass, Robert R.
Buckley, Robert L.
Choisser, William V.
Coddington, Charles C. I.
Collins, Thomas M.
Condie, Scott D.
Cook, Timothy G.
Dibala, Anne C.
Dufour, David R.
Eninger, Larry A.
Farrell, George J.
Gehret, Richard G.
Gliksman, Stanley H.
Hallinan, Timothy P.
Hayes, Arthur C.
Herr, Celeste E.
Herr, Harlan G.
Hoover, Lewis D.
Huyoung, Alfred R.
Johnson, Joe S.
Kosh, David L.
Manansala, Francisco S.
McCall, Mark J.
Meguiar, Ramon V.
Mikell, Oswald L.
Miller, Michael L.
Nelson, Robert J.
Patel, Dilip D.
Potter, Bonnie B.
Pratt, Randall N., Jr.
Pratt, Steven G.
Racicot, David F.
Ruel, Theodore A.
Ryan, Mark
Scott, William, Jr.
Seaquist, Mark B.
Smith, John C.
Taylor, John K.
Thompson, Douglas F.
Tomlin, Thomas A.
Treharne, John W., Jr.
Voit, Marek S.
Wedul, Mark V.
Wilberg, Carl W.

SUPPLY CORPS

Allion, Dennis G.
Appleby, Michael R.
Argento, Terry J.
Ball, Edgar S., Jr.
Bang, Paul G.
Banghart, Allan A.
Beassie, Leslie J.
Beckman, Robert J.
Bender, Danny A.
Bennett, Bruce R.
Berg, Roland D.
Bianco, Barron B.
Bird, Robert R.
Bocchino, David L.
Bohannon, Donald C.
Bonafede, James M.
Branaman, Larry G.
Burdon, William H.
Burgess, Andrew P. III
Burton, Robert N., Jr.
Callaway, Michael P.
Camp, Gary L.
Camp, Robert T.
Capizzi, David A.
Carpenter, Levon H.
Carroll, Joseph D.
Chambers, Thomas R.
Chitty, Frederick C.
Clark, James M.
Colvin, Bruce A.
Connolly, John J.
Conover, Richard P.
Cornelison, Gary A.
Craig, Rondall R.
Crandall, Stephen G.
Croll, John M.
Cummins, John L.
Cummingham, Victor E.
Davis, Peter M.
Dewell, Kenneth G.
Duffey, Thomas O.
Elder, Jeffrey J.
Emerson, Jimmie D.
Engel, Steven R.
Ensminger, David S.
Evans, Michael W.
Fages, Sheldon N.
Faubell, Paul D.
Faurie, Bruce R.
Featherstone, Harry L., Jr.
Flohr, Larry E.
Fremont, Robert F., III
Fuller, Dana A., Jr.
Gandola, Kenneth D.
Gillespie, Daniel D.
Ginman, Richard T.
Giordano, Donald M.
Granston, Jeffrey R.
Grant, Charles W.
Gregory, Troy R.
Griffin, James H., III
Griggs, William C.
Grimes, David M.
Gross, Thomas D.
Guerard, Franklin P.
Gunia, Earl G.
Gunter, Wallace E., Jr.
Gustafson, Robert A.
Hammons, Thomas J., III
Hannaford, Philip S.
Hanson, Ryan L.
Harder, Melvin S., III
Hayes, John R., Jr.
Hayes, Reginald S.
Helman, Kenneth H.
Henke, Louis III
Henning, Robert A.
Hertstein, Mark S.
Hickman, Ronald W.
Hickson, Edward E.
Hinkel, Shelby Jr.
Hodgkins, Henry A., Jr.
Hoffman, Thomas L.
Holland, Benjamin A.
Holt, Lonnie D.
Huddleston, Ronald D.
Huss, Boyce W.
Jackson, John E.
Jackson, William A.
Jenkins, Gwilym H., Jr.
Johnson, Mark S.
Johnson, Terrence B.
Johnson, William E.
Jones, David C., III
Jones, Samuel L.
Joslin, Richard M.
Kaloupek, William T.
Kaufman, Gary R.
Keating, Charles L.
Kelly, Daniel C.
King, Wallace V.
Kosar, Peter G.
Lambert, John R.
Lawrence, Robert C.
Leon, John A., Jr.
Locke, James W., Jr.
Main, Archibald M., III
Manley, Stewart L.
Martinec, Dennis P.
Matsushima, Rodney F.
McCoy, Rex C.
McCray, James E., II
McGee, Gary O.
McKenzie, Donald R., Jr.
Mercier, Kevin G.
Merrell, Thomas O.
Merritt, Karl W.
Miller, Felton
Miller, Raymond L.
Mitchell, Kent R.
Mitchell, Lonsdale C.
Moessner, Frederick W.
Moffitt, Michael A.
Monaco, Robert E.
Moore, Joseph N.
Moore, Robert T., II
Moran, Michael D.
Nogosek, John
Nyland, Stephen C.
Ohagan, Michael G.
Ostrom, Ronald G.
Owen, Wayne A.
Pathwickpaszyc, John C.
Perkins, Charles A.
Perkins, George W., Jr.
Peterson, Carl R., Jr.
Pitkin, Richard C.
Pledger, John D.
Proctor, Leonard L.
Randall, Bobby L.
Reeve, Robert E.
Rich, Lyle V.
Rigg, David L.
Robertson, James M., III
Rodenbarger, Syd W.
Rorex, Thomas A.
Roundtree, Ronald T.
Rova, Bruce W.
Royer, Frank E.
Sargent, William H.
Sauer, George E., III
Schlax, Thomas P.
Schmidt, William G.
Schneider, Jeffrey W.
Schreiber, Thomas J.
Self, James J.
Seymour, Lyle M.
Shiffman, Robert L.
Shoemaker, Charles K.
Siegel, Allen R.
Simmons, John R.
Sims, Donald B., Jr.
Smith, Raymond W.
Standen, Eric A.
Stengelman, Anthony E.
Stilwell, Robert R.
Stone, Daniel H.
Sugermeyer, Robert S.
Sugihara, Ronald Y.
Sule, Michael F.
Sweney, Robert L.
Tarleton, George L., III
Thornton, Robert G.
Thorpe, Grant W.
Tibbetts, Joel F.
Tinker, William M.
Todd, Dale E.
Tufts, John E.
Ustick, Michael L.
Valentine, Stephen IV
Vinagre, Eduardo G.
Vinson, Charles M.
Vogelsang, James E.
Walters, James S.
Watkinson, Lyle P.
Weidemann, James L.
Wenslaff, William A.
Werthmuller, Roy W.
Weyrick, Philip F.
White, Charles E.
Willis, Roger A.
Wilson, Paul A.
Wimett, William T.
Wood, Robert H., II
Woodiel, James C.
Woods, Willie E.
Worrall, Eric H.
Wright, Dennis L.
Yates, David S.
Yount, Mark L.
Zehner, Dale J.

CHAPLAIN CORPS

Blegstad, Gary C.
Brookshire, Joseph W.
Bruce, Gerald R.
Chadwick, Thomas K.
Cluff, Merlin H.
Condon, William G.
Dieckhaus, Anthony W.
Duncan, Charles R.
Eis, Charles R.
Ferguson, Melvin R.
Fryer, Patrick L.
Gardner, Ronald E.
Giuntoli, Thomas G.
Grogan, Gerald R.
Jayne, Bruce C.
Jukam, Donald C.
Langhorne, George A.
Livojevich, Ronald
McCranie, Glenn H.
McCreary, Stanley H.
Moon, William R.
Pokladowski, Gregory S.
Rector, Larry J.
Rector, Roscoe E., Jr.
Salas, Jose F., Jr.
Tambourin, Sauveur D.
Tugan, Gary E.
Wambach, Joseph G.
Williams, Robert H.
Wiltshire, Wallace W., II
Winslow, David A.

CIVIL ENGINEER CORPS

Ackerbauer, Blair
Allen, Donald C., Jr.
Allen, James R.
Allshouse, Clare R.
Andvik, Brian K.
Bacon, Thomas A.
Bukoski, Thomas J.
Cahill, Patrick J.
Cherry, John M.
Christensen, Thomas H.
Clark, David J.
Clements, Frederick R.
Clough, Paul L.
Corbett, James T.
Craft, Gary M.
Dean, Joseph C.
Dennis, David R.
Dew, Fred W.
Dierckman, Thomas E.
Digeorge, Frank P., III
Elsbernd, Robert L.
Foster, James E.
Galer, Kenneth O.
Gebert, David K.
Glynn, William G.
Guthrie, Gene S., Jr.
Haas, Richard F., Jr.
Hall, William M.
Hanes, Samuel H., Jr.
Herning, Robert E.
Herriott, Thomas R.
Hill, Jerry D.
Hocker, Robert G., Jr.
Holst, Ronald P.
Howell, Richard A.
Katz, Alan W.
Kechter, Ronald A.
Keller, William J., Jr.
Keene, Ronald E.
Keifer, John M.
Kleven, Courtney C.
Knoll, Joseph C.
Kotz, John S.
Laboon, Thomas A., Jr.
Lappano, Gilbert C.
Larson, Steven C.
Law, George L.
MacNamara, Timothy C.
Mann, Douglas E.
McKinney, Charles G.
Molineaux, Ian J.
Morris, Donald E.
Morris, Donald G.
Morrow, James F., III
Murphy, Bernard F., Jr.
O'Toole, Thomas R.
Parisi, Anthony M.
Parsons, Robert C.
Perry, Michael J.
Pizzano, Robert C.
Pylant, Linward R.
Pyles, Troy K.
Rabold, Bernard L., Jr.
Rautenberg, Robert C.
Rigby, William H., Jr.
Saltenberger, William M.
Schneider, Charles H.
Scullion, Leonard P.
Seltzer, George H., III
Setzekorn, Robert R.
Spore, James S., III
Sullivan, John J., Jr.
Talmadge, Charles E.
Terry, Ronald E.
Thompson, Stephen R.
Thomson, Francis S., Jr.
Tull, Terrence W.
Turowski, Henry J., Jr.
Vanderels, David M.
Walker, William F.
Wong, Jack J., Jr.
Zook, Michael J.
Zuber, David E.

JUDGE ADVOCATE GENERAL'S CORPS

Baggett, Joseph E.
Bagley, David W., II
Baker, Stephen C.
Bartlett, James E., III
Becker, Fred R., Jr.
Bell, Dale E.
Bennett, John C. W.
Bergstrom, Alan L.
Boudewyns, Timothy M.
Buechler, Christopher L.
Carney, Patrick J.
Caruthers, William P.
Champagne, Gerald E.
Clark, Norman K.
Cliffe, James R.
Dalesio, Daniel J., Jr.
Dawson, Mark R.
Dirks, John A.
Duffy, Eugene O.
Eddy, Richard W., Jr.
Fahrenbacher, Ronald J.
Gonzalez, Glenn N.
Groat, John S., Jr.
Halvorson, James E.
Harrison, John G., Jr.
Haskel, Peter B.
Horgan, Mark M.
Jeffries, Charles C., Jr.
Kelley, Patrick W.
Kirkpatrick, Gerald J.
Leachman, Timothy L.
Ledvina, Thomas N.
Martin, Thomas L.
Massey, Thomas J., Jr.
McClain, Tim S.
McConnell, Daniel D.
McDonald, Alvin L.
McLaughlin, Peter J.
Meadows, Robert W.
Miller, William A.
Milner, Nora E.

Montgomery, John B.
Morgan, John D.
Muschamp, Werner, L.
Nystedt, Charles M., Jr.
Parnell, Joe M.
Peace, David L.
Pitts, Russell A.
Prochazka, Frank J., Jr.
Radd, John D.
Robertson, Brian D.
Rockwell, James D.
Scranton, Joseph D.
Seaman, Robert C., Jr
Sheehan, Patrick J.
Spence, Joseph M.
Stimson, Paul M.
Strong, Franklin W., Jr.
Tapajcik, John M.
Villemez, Clyde J., Jr.
Walsh, Richard F.
Westholm, Larry R.
Wurzel, David L.
Yuhas, Christine M.
Yund, Walter J., Jr.

DENTAL CORPS

Aker, Frank, III
Alvis, Stephen G.
Antioquia, Benjamin S.
Baker, Darrell A.
Barco, Clark T.
Biedermann, Kurt G.
Biggs, Andrew T.
Boyd, William J., Jr.
Brinkley, Eugene D., Jr.
Brown, Gordon M., Jr.
Cathers, Samuel J.
Cuprak, Elizabeth E.
Degroote, Douglas F., Jr.
Dodd, Robin B.
Elzie, Theodis
Engler, Robert A.
Ferjentsik, Ernest S.
Fox, Wendell J.
Galich, John W., Jr.
Haglund, Michael P.
Harrison, Glenn A.
Huebner, Dennis R.
Hutter, Jeffrey W.
Jaworski, Charles P.
Kaar, William H.
Koffler, David G.
Krochmal, James E.
Little, Michael E.
Lutcavage, Gregory J.
Marsaw, Frederick A., Jr.
Maynard, Robert D.
McAmis, Ronald W.
McCabe, Sheila M.
McDonald, William H.
Mehlenbeck, Clarence W.
Meyer, Daniel M.
Motley, Hudson G.
Paulson, Eric G.
Rech, John R.
Reder, Daniel G.
Remington, David N.
Rocklin, Michael F.
Ruliffson, Mark H.
Schmid, Paul E.
Schroeder, Dawn C.
Simecek, John W.
Smith, Raymond G.
Steere, James C.
Stgermain, Henry A., Jr.
Swearingen, William H.
Topcik, Philip L.
Turner, Carol I. B.
Walker, Cledius
Weaver, Peter M.
Wilcox, Dale E.
Wilkinson, Richard J.

MEDICAL SERVICE CORPS

Agent, Selwyn K.
Ambler, Frederick A.
Baker, Gerald C.
Baltrukonis, Joseph V.
Barber, Norman J.
Barina, Fred G., Jr.
Barnett, Phillip J.
Bauer, Peter J.
Beatty, Earl, III
Bennett, James D.
Bennett, Ronald E.
Berkley, Roy L.
Blome, Michael A.
Bohnet, Herbert F., III
Bolduc, Paul R.
Bowman, Jeffrey S.
Boyles, Robert W.
Breton, Robert W.
Broadhurst, Ronald W.
Brown, George R.
Brunza, John J.
Buffington, John R.
Butler, David E.
Campos, Theodore R.
Carroll, Robert M.
Christopher, John P.
Clarkson, Wallace M.
Cosenza, Joseph M.
Crabbe, Joel R.
Crabtree, Roger D.
Crafton, Lonnie D.
Crane, James A.
Crittenden, George H.
Cronin, Patrick D.
Dawson, Richard L.
Dean, Larry M.
Defibaugh, Thomas R.
DeLong, Douglas S.
Denayer, John W.
Densley, Merlynn D.
Dial, William S.
Dittman, David
Dotto, Kenneth M.
Dunkleman, Dennis C.
Eberle, James E.
Elkins, Bryan R.
Elster, Robert E.
Enright, Charles A.
Escamilla, Joel
Ewing, Ronald C.
Felton, Robert E.
Finke, Ronnie L.
Foster, Jerry A.
Frey, Mary L.
Fristad, Arvid C.
Fry, Wendell J.
Garton, Michael L.
Gibson Kenneth D.
Gray, Brian H.
Greedan, Andre M.
Greenan, John E. III
Grimes, Thomas A.
Grissom, Michael P.
Hargraves, David T.
Harrison, Robert B., Jr.
Hastings, Jerry T.
Helm, Wade R.
Henrich, William R.
Hermann, Dean A.
Hetrick, John R.
Hickery, Rodney D.
Hickey, Thomas M.
Higgins, Janet L.
Hisoire, Dennis P.
Hixson, Steven R.
Holman, Larry D.
Hughes, Francis J., Jr.
Hughes, Roger D.
Huju John I.
Hummel, James R.
Jillson, Susan G.
Johnson, David E.
Jones, Buddy L.
Joseph, William A.
Kane, Robert J.
Keenan, James M.
Kelly, Stephen J.
Knee, Dale O.
Kochis, James B.
Kolesar, Joseph T.
Kunkel, Clyde E.
Kurtich, Richard B.
Lamar, Steven R.
Lane, John C.
Larocco, James M.
Lawrence, Jonathan D.
Leadbeater, Warrell F.
Lemmerman, Donald J.
Lewis, Marion S.
Lewis, Morris N.
Love, Douglas Jr.
Mahin, Patrick L.
Malinky, Robert L.
Malinoski, James W.
Manley, Edward
Martin, Donna R.
Martin, Early M.
Maskulak, Michael J.
Mastervich, Mark M.
McBride, Joseph E.
McCaig, Joe M.
Miller, David A.
Mills, Wayne M.
Mitchell, Troy G.
Mize, Lewis W.
Moody, Johnny M.
Morey, Arlen D.
Morrison, Kathleen D.
Morrison, Tommy R.
Morton, David E.
Moses, William R.
Muklevicz, Robert E.
Mullen, Michael J.
Mullin, Jack A.
Mullin, Jimmie J.
Nelson, Ronald C.
Oldham, Richard T.
Owens, Jerry M.
Palmer, James F.
Parks, Jackie H.
Parr, Laurence F.
Pavlik, Robert E.
Penkunas, John J.
Penn, Jerry D.
Perkins, Nancy S.
Peterson, Jack L.
Pinkerton, Randy H.
Rathjen, Roger L.
Raymond, James L.
Reading, Thomas E.
Renfro, Mary A.
Reynolds, William H.
Ridgeway, Robert K.
Rockhill, Robert C.
Roman, Michael J.
Rooney, John A.
Ruffin, Tommy L.
Rutherford, Bruce D.
Ryan, Alan B.
Santore, Orlando J. Jr.
Schick, Gary E.
Schweinfurth, Karl E.
Seales, David M.
Seelbach, Richard A.
Sefranek, George A.
Seible, Lawrence G.
Shannon, Kenneth R.
Shepherd, Jack W.
Sheridan, Peter F.
Sherman, Forrest A.
Silvas, Jose M.
Skog, Roy R., Jr.
Sloan, Robert W.
Smith, Donald A.
Smith, Richard L.
Smith, Steven L.
Speir, Herbert A., III
Spillane, Dennis
Stewart, George W. K.
Stine, John W.
Struempler, Richard E.
Thompson, J. Ronald
Tingley, Terry J.
Todd, David J.
Todd, Michael L.
Tomlinson, Tommy M.
Trocha, Paul J.
Trosper, James H.
Turocy, Regis H.
Upton, Billy G.
Wallace, William E.
Wanamaker, John C.
Watson, Spann M.
Watts, Len S.
Weappa, Larry R.
West, Joseph J.
Whiten, Ronnie E.
Williams, Warren Jr.
Wood, Arthur B.
Woods, Walden R.
Yacovissi, Robert
Yost, Harry E.
Zimmerman, Craig A.

NURSE CORPS

Ahrens, William D.
Allison, Rachel V.
Ames, Ervin L.
Applegate, Joanne W.
Atkinson, Nancy J.
Bailey, Donna L.
Barlow, Judy L.
Bates, Richard A.
Baumann, Mary A. E.
Bechtel, Robert H., Jr.
Benway, Michael W.
Bessent, William M.
Beto, Cathleen A.
Bickford, Carol J.
Bishop, Joan A.
Bogart, Deanna R.
Boire, Loretto A.
Bolden, Cheryl V.
Bonnet, Kathleen M.
Bonta, Catharine M.
Bowden, Mary A.
Boyer, John F.
Breeding, Patricia A.
Broad, John R.
Brown, David A.
Brown, Paul P.
Brown, Terry L.
Burns, Kathryn P.
Cabral, Richard E.
Caffrey, Gloria J.
Capps, Karen N.
Carney, Carol A.
Carroll, Sue M.
Casa, Peggy B.
Cherrington, Dolores A
Christman, Patricia K.
Coffman, Peggy S.
Cornish, David L.
Correnti, Patrick S.
Cothern, Jimmie G.
Cox, Robert L., Jr.
Cranston, Christine S.
Cronin, Mary A.
Crowell, Mary J.
Curlee, Candace
Cychosz, Beverly K.
David, Lucy M.
Dawe, Cecelia M.
Deliberto, Vincent L.
Delowrey, Blanche S.
Desavorgnani, Adriane A.
Dick, Suzanne
Doyle, Marcia S.
Dunn, Richard A.
Eilers, Barbara G.
Ellis, Susan L. F.
Eversole, Donna R.
Field, Marion G., Jr.
Finn, Thomas J.
Foley, Barbara A.
Foster, Irene A. S.
Frazee, Daniel C.
Fry, June G.
Gantz, Gary S.
Garrison, Richard A.
Glenn, Judy J.
Graham, Alfred E., Jr.
Griffiths, Loretta A.
Guard, Janet D.
Haley, Kathleen A.
Hambidge, Anne A.
Hargrave, Michael R.
Harmeyer, Gary R.
Hasselbacher, Rosalinda
Head, Walter W., Jr.
Hemmelgarn, Nina T.
Henbest, David
Hobbs, Linda H.
Hodges, Gail L.
Hohon, Henry P.
Holmes, Lawrence C.
Honeywell, Joseph L.
Hughesrease, Marsha L.
Hyams, Orval W.
Johnson, Charlene E.
Johnson, Laurie L.
Jones, Christine S.
Jones, Donald G.
Jones, Donna M.
Jung, James W.
Kelly, Harriet P.
Kinzer, Virginia G.
Kirkman, Donna J.
Kjenstad, James E.
Kopanski, Ruth G.
Korns, Barbara J.
Kout, Kathryn K.
Kozlowski, Janet G.
Krahenbuhl, Allie F.
Kunkel, Ann M.
Laird, Janet F.
Lewis, Rosalie D.
Loftus, Margaret M.
Lombardi, Judith E.
Loose, David S.
Loveridge, Lois E.
Lujan, Eugenio A.
Maggi, Nancy F.
Majewski, Bernadette
Marine, Peggy D.
Marquart, Alison W.
Marsh, George L.
Matika, Linda C. T.
May, Rita V.
McClain, Terry W.
McConnell, Maryann S.
Michael, Dorothy A.
Minnick, Kristine E.
Mitchell, Henry, Jr.
Monahan, Michael E.
Monroe, Victoria M.
Morsillo, Sigrun M.
Neirynck, William E.
Nickerson, Carolyn J.
Norrick, Albert J.
Norris, Linwood W.
Nugent, Aurelia N.
O'Halloran, Jeannine L.
O'Hare, Patricia J.
Osborn, David L.
Parrotte, David F.
Perry, Cynthia E.
Peske, Lorelei S.
Petersen, Patricia L.
Peterson, Janet L.
Peterson, Peggy J.
Phillips, Jean M.
Picchi, Christine A.
Powers, John C., II
Pruitt, Nancy S.
Reitz, Anne E.
Rice, Edward V.
Roberts, James W.
Robinson, Leslie E.
Rollison, Lee K.
Roy, Terry D.
Ruschmeier, Elizabeth M.
Sample, Priscilla
Schafer, Dwight D.
Schemmer, Carol L.
Schneider, Donald P.
Schnoor, Elaine H.
Schwartz, Linda L.
Sciuto, Renata M.
Shaia, Evelyn R.
Sharpe, Jacqueline E.
Shelton, Mary C.
Smith, Julianne K.
Smola, Theresa N.
Soileau, Joseph C.
Spangler, Catherine E.
Spiers, Carol L.
Spraggins, Gerald G.
Standen, Julianne
Sullivan, Dennis J.
Swan, Catherine A.
Swanson, Jane W.
Taggart, Jack R.
Taschner, Ardis L.
Templeton, Alma N.
Thompson, Mari E.
Timmcke, Teresa A.
Tomsky, Carol N.
Trent, James E.
VanBuren, Donna J.
Walgren, Kenneth D.
Ward, Deborah A.
Ward, Elizabeth A.
Warren, Carolyn S.
Wells, Mary E.
White, Grace M.
Wilson, Wendy L.
Wright, Mitchell P.
Yoder, Marianne E.
Young, Robert R.
Zabel, Nancy D.

The following-named woman lieutenant of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the Supply Corps, pursuant to title 10, United States Code, sections 5773 and 5791, subject to qualifications therefor as provided by law:

Nelson, Rosemary E.

HOUSE OF REPRESENTATIVES—*Wednesday, January 30, 1980*

The House met at 3 p.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Fear not, for I am with you, be not dismayed, for I am your God; I will strengthen you, I will help you, I will uphold you with My victorious right hand.—Isaiah 41: 10.

Gracious Lord, from whom come all the gifts of life, we give thanks for the promise of another day and the opportunity to witness the beauty of Your creation.

When we are dismayed, give us the gift of hope, when we are afraid, allow us the gift of love, when we are frustrated and when resentment comes so easily, grant us the spirit of reconciliation that follows from trust in Your way.

Always, O Lord, bestow upon Your people the true peace that passes all human understanding, even until our final day. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 260. Concurrent resolution welcoming the National Basketball Association All-Stars to the Washington metropolitan area for the 30th annual National Basketball Association All-Star Game.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill and concurrent resolution of the House of the following titles:

H.R. 5872. An act to modify the New Melones Dam and Reservoir project, California; and

H. Con. Res. 249. Concurrent resolution urging the U.S. Olympic Committee, the International Olympic Committee, and the Olympic committees of other countries to take certain actions with respect to the 1980 summer Olympic games, in accordance with the requests of the President.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 546. An act for the relief of Beatrice Braude; and

S. 2012. An act to amend the Foreign Assistance Act of 1961 to authorize assistance in support of peaceful and democratic processes of development in Central America and the Caribbean.

CANADIAN FRIENDSHIP TO AMERICANS IN IRAN

(Mr. HANLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANLEY. Mr. Speaker, a friend in need is a friend indeed. Certainly the revelation of yesterday with respect to the accommodation provided by the Canadian Government to those distressed Americans in Iran is once again a classic demonstration of the quality of that bond of friendship which has historically prevailed between the United States and Canada.

Just this morning the Foreign Minister, Flora MacDonald, so modestly put it:

If Canada had that same problem, the United States would be coming to our aid in the same sense that we did.

She said it so modestly, but that is typical.

I take this moment, Mr. Speaker, to express my personal gratitude to the Canadian Government for what it has done, and I am confident that all Americans will want to express their gratitude accordingly.

CANADIAN AID TO AMERICAN CITIZENS

(Mr. D'AMOURS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. D'AMOURS. Mr. Speaker, I would like to call the House Membership's attention to a letter I have written to Canadian Prime Minister Joe Clark expressing our gratitude to the Canadian Government for coming to the aid of our citizens during their hour of need. I invite my colleagues to join me in signing this letter in order to express our appreciation in a very personalized manner.

As an American of Canadian ancestry, I take particular pride in expressing the appreciation of all Americans for the courageous action taken by Ambassador Kenneth Taylor and the Canadian Embassy staff in arranging the escape of six American diplomats from Iran.

Americans have always considered Canada to be a friend and important ally, and this most recent valiant action by the Canadian Embassy personnel in Iran solidifies those feelings.

CANADA'S PROTECTION OF AMERICAN CITIZENS

(Mr. HOWARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOWARD. Mr. Speaker, in a few minutes the gentleman from Massachusetts (Mr. MOAKLEY) and I will be introducing a concurrent resolution expressing the gratitude of the U.S. Congress and the American people to the Government of Canada and its personnel for the wonderful work and friendship they have shown to our country by their recent actions enabling the escape of six American personnel from Tehran. We are in hopes that this concurrent resolution will pass both this body and the other body this afternoon.

Before submitting the concurrent resolution, it will be available here in the Chamber for any Members who wish to add their names as cosponsors.

Mr. SCHULZE. Mr. Speaker, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Pennsylvania.

Mr. SCHULZE. Mr. Speaker, I am happy to cosponsor this resolution to recognize the courage and friendship of the Government of Canada for assisting six Americans in their escape from Tehran and for Canadian support of moving the 1980 summer Olympic games from Moscow.

The Canadian Government sheltered in their Embassy six U.S. citizens who were able to evade capture in the U.S. Embassy in Tehran. While the details are not yet clear, obvious courage and fortitude on the part of the Canadian Government facilitated the escape. By sheltering our citizens and furnishing Canadian passports for the timely, well-planned escape, the Canadians certainly risked the well-being of their own Embassy personnel. This restraint—secrecy and planning on the part of Prime Minister Joe Clark and the Canadian Government—is to be commended.

Canada should also be recognized for their early support of moving the 1980 summer Olympic games from Moscow. This further exemplifies Canada's sense of world responsibility and the importance of human freedom.

For these reasons I ask my colleagues in the Congress to vote overwhelmingly in support of this expression of gratitude to the Government of Canada for its acts of friendship and courage.

CANADIAN SHIELDING OF AMERICAN DIPLOMATS IN IRAN

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, I join the gentleman from New Jersey (Mr. HOWARD) in expressing my deep appreciation to the Canadian people and their Government. The Canadian Embassy in

Iran's action, in shielding six American diplomats from certain physical violence and psychological terror over the past 3 months, ranks high in the annals of international cooperation and neighborly friendship.

Iran's act of unprecedented terror last November has shaken the very foundations of international diplomacy. The events of the past several months have clearly demonstrated who, among the world community, the United States can rely on for support in perilous times such as these. I never doubted Canada's commitment to fundamental principles of human rights and international law. Canada's action, however, in providing sanctuary for the six American diplomats over a terror-filled 3-month period is an action which this body must go on record in support of.

Consequently, the gentleman from New Jersey and I are today offering a resolution expressing the sense of the House of Representatives on this issue.

CANADA'S ACT OF FRIENDSHIP IN IRAN

(Mr. GORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GORE. Mr. Speaker, two of the Americans released with the help of the Canadian Embassy, Joseph and Kathleen Stafford, are constitutents of mine from Crossville, Tenn. Thus, I take special pride in offering to Prime Minister Clark and Ambassador Taylor the deepest and most sincere thanks on behalf of the families and friends of these Americans.

There are two emotions in Tennessee in reaction to this event, one of joy and relief, and one of deep appreciation and thanks to Canada. The historic bonds of friendship between the United States and Canada will forever be stronger because of this courageous act by the Canadians.

In the last few months we have seen an alarming deterioration in the relations between some nations of the world. Apprehension, distrust, and discord seem to have replaced former bonds of cooperation and mutual concern for international well-being. Today, however, we can thank Canada for piercing this veil of indifference and coming to the aid of the United States at a time when such assistance was just what we needed. I am honored today to cosponsor the concurrent resolution expressing to the Canadian Government and to the Canadian people our thanks and appreciation for their assistance.

AMENDING THE MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT OF 1972

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, this afternoon I am introducing a bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972. The purpose of this is to suspend the bioaccumulation and biomagnification tests conducted now by the EPA. These tests are highly controversial and of questionable value, if allowed to remain in force at this time, by the end of 1980 the Port of New York, New Jersey, and major ports throughout this country will be closed down because they will be prohibited from doing any further dredging and dumping.

This is an action that must be taken today in order to insure the operation and economic survival of these port cities around the country.

□ 1510

A TRIBUTE TO JOHN CAVANAUGH

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

● Mr. VOLKMER. Mr. Speaker, last night many of our colleagues, in a special order, paid tribute to my classmate, JOHN CAVANAUGH, because of the announcement of his retirement from this august body. I could not be present and now wish to add my comments. I must note that traditionally these formal goodbyes, in the form of a special order, are usually reserved for Members whose careers in the House span decades. But today, I share the beliefs of my colleagues that the retirement of JOHN, when measured by his hardworking and effective participation on the House Banking and International Relations Committees and on the floor of the House, will result in a loss which will not easily be replaced.

As a fellow Member of the freshmen class of the 95th Congress, I am reminded of our early efforts in January 1977 to continue to procedural reforms of the House, begun in the 93d and 94th Congresses. JOHN's efforts to increase the participation of all Members of the House in decisionmaking, and to fully democratize the selection process of committee and subcommittee chairmen, resulted in successful and major reform of which this body can be proud.

Throughout the 95th and 96th Congress, JOHN has continually expressed his views, representing the people of Douglas, Sarpy, Washington, Burt, and Cass counties in a strong and effective manner. The citizens of the Second Congressional District of Nebraska will be hard placed to find such an able and constructive person to fill JOHN's shoes in the U.S. Congress.●

LEBANON SHELLED BY ISRAELI GUNNERS

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I was dismayed to read in last evening's Washington Star that southern Lebanon has once again been shelled by Israeli gunners.

As the Members know, Mr. Speaker, I have seen the previous destruction that these actions have caused in Lebanon. This event has taken place after Syrian troops have moved out of Tyre. Only last week, the Lebanese Central Government has replaced these Syrian troops. Our ally Lebanon will only be strong if foreign sources, Israel, the PLO and Syria cooperate.

Lebanon has been devastated, but is attempting to rebuild itself.

I call upon all foreign sources to leave the country alone and help in this rebuilding process.

Article follows:

LEBANON CLAIMS ISRAEL SHELLS SOUTH COAST

BEIRUT.—Israeli gunners shelled the south Lebanon coast near the town of Tyre, and President Elias Sarkis summoned the Cabinet to discuss the deteriorating frontier situation, state-controlled Beirut radio reported today.

The broadcast reported at least three Israeli shells landed on the coast today, causing damage but no casualties. Travelers reported artillery fire between Palestinian guerrillas along the frontier and Israeli-backed rightist Christian militiamen.

The state radio yesterday said some 100 Israeli tanks and armored cars had crossed into the frontier's rightist Christian militia enclave and dug in around the villages of Al Marj and Ain Abel.

OUTSIDE FORCES SHOULD WITHDRAW FROM LEBANON

(Mr. RAHALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RAHALL. Mr. Speaker, I, like the gentlewoman from Ohio (Ms. OAKAR), was quite concerned to read in last evening's paper of the Israeli attacks in southern Lebanon and the movement of more Israeli tanks into that part of the world.

Having just returned from a factfinding mission on behalf of the Speaker, with several of my colleagues, I found throughout our discussions with leaders in that part of the Mideast a strong desire to rebuild the Central Lebanese Army. A strong central government and army in that country is essential to peace in not only Lebanon, but the Middle East.

To see the withdrawal of Syrian troops from Lebanon is an encouraging sign. But to see the incursion of other outside forces into this area is a sign of only further aggravation of the tensions that exist there. Such action is likely to lead only to increased tensions between Israeli and Palestinian forces, between Lebanese and Palestinian forces. and between Syria and Israel.

I would join with the gentlewoman from Ohio (Ms. OAKAR) in urging all outside forces withdraw from the country of Lebanon and that that country's central army be rebuilt in order to have peace in that country.

The territorial sovereignty, integrity, army, and Government of Lebanon must be maintained and strengthened if we are to have a withdrawal of all foreign forces in Lebanon. And as that strengthening occurs and as forces withdraw, such as Syrian troops have done recently, other outside forces, no matter of what country, should not take advantage and seek to expand their strength.

CRUEL IRONY IN IRAN

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, it is with a sense of grim irony that I learned of how our Canadian friends used subterfuge and false documentation to spirit six U.S. diplomats out of Iran. It was a clever and daring feat and we owe the Canadians a debt of gratitude. Yet the bitter irony is in the fact that while such an elaborate scheme was necessary to smuggle six Americans out of Iran, nearly 7,600 Iranians have been legally and routinely admitted into the United States since the day our Embassy was seized, including about 1,200 "students." It is hardly necessary to point out that it has been administration policy to review the visas of Iranian nationals for possible deportation. The irony is, indeed, cruel. It is made all the more tragic because six U.S. diplomats had to spend 3 months in hiding before rejoining their families here, while 50 others remain hostage. I urge the President to use his authority to restrict the entry of Iranians during this period of tension. both as a national security measure, and again as a lesson to Iran that they cannot continue to embarrass us before the world.

THERESA DiMARINO, ALEXANDRIA ATHLETE, BACKS OLYMPIC BAN: A PROFILE IN COURAGE

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HARRIS. Mr. Speaker, this is a hectic time for all of us. But I hope that Members of this House will pause for a few moments to reflect upon a letter I have just received from a courageous and patriotic young woman, with whom I had an opportunity to speak yesterday.

Theresa DiMarino, a constituent of mine who lives in the Mount Vernon area of the Eighth Congressional District of Virginia, is now in Floral City, Fla., training to become a member of the U.S. Olympic kayak team. Theresa, a student at George Mason University, has represented this Nation before in international competition, and wants very much to compete in the Olympics.

But beyond her personal desire, in spite of the personal sacrifices she has made in the effort to become part of the Olympic team, she is opposed to U.S. participation in the summer Olympics should they be held in Moscow.

Theresa's letter is a moving expression of personal sacrifice, personal honor, and love of country. I urge all of my colleagues to read and reflect upon Theresa's words as we continue to urge the International Olympic Committee to move the Olympics from Moscow.

The letter follows:

JANUARY 23, 1980.

DEAR CONGRESSMAN HARRIS: As you know, I am training for the 1980 Olympics to be held in Moscow. I have been training hard for many years in hopes of representing the United States in my sport of kayaking. I am currently training in Florida with the National team. I have given up many things to make this dream happen. I had to skip a year of college—which means harder studying and more courses next school year. I don't work—which means not much money. There is one thing that I did not give up and never will, the love of my country. There is no one making me go out and train, telling me what to think, or even how to think. We are free and all the glory I get from competing internationally goes to our country and also to myself which does not happen in Communist countries (like Russia!). The bottom line, Congressman Harris, is that I am in favor of the boycott. I have not stopped my intense training nor will I. I only hope the Olympic site can be changed, but if not there will be other games. I personally feel very moved by this world problem, maybe because I've competed against the Communists in world class competition and know how they operate. I am telling you my feelings not only as my Congressman, but also as my neighbor and friend. I hope you will send me any information or development in this boycott decision that Congress, or others might have.

Thanks for everything.

Sincerely,

THERESA DiMARINO.

ACCOLADES FOR THE CANADIAN GOVERNMENT

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, at a time when U.S. citizens and policies are under seige in too many parts of the world, the selfless courage demonstrated by the Canadian Government in the rescue of six Americans in Iran was a most welcome display of friendship and human decency.

According to reports I have seen, the six Americans at first took refuge in a variety of friendly embassies. But it was the Canadians who took final responsibility for harboring them safely and for their eventual escape.

Canadian Prime Minister Clark said his Government would have offered help to anyone in the same position.

More than a demonstration of simple friendship, Mr. Speaker, the Canadian Government's action was a much-needed reaffirmation of its belief in the principles of moral courage, human decency, and the sanctity of civilized behavior among nations.

More important, it came at a time when these principles have been violated repeatedly by the Iranian Government and the terrorists who have occupied the U.S. Embassy in Tehran for the past 3 months.

I am proud, Mr. Speaker, to be a cosponsor of this Howard-Moakley resolution expressing the deep appreciation of every decent American to the Canadian Government and their people.

U.S. GOVERNMENT OWES CANADA A DEBT OF GRATITUDE

(Mr. COURTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COURTER. Mr. Speaker, I believe that the Government of the United States and the Congress in particular, owe the Government of Canada, its Prime Minister, Joe Clark, and its Ambassador to Iran, Kenneth Taylor, a debt of sincere gratitude for the courageous action taken by them to rescue six members of the American Embassy staff in Tehran.

The Government of Canada handled this affair with the greatest amount of care and responsibility with great risk to its own interests. Our Canadian friends have proven to be a reliable and honored ally and this is diplomatically and morally gratifying in an uncertain age.

I would also like to commend Prime Minister Clark's position regarding the Moscow Olympic games. I hope that United States-Canadian relations will continue to grow stronger especially in the areas of NATO, energy, and trade and that the bonds of friendship between our two peoples will also be strengthened.

SUSAN B. ANTHONY—DEAD OR ALIVE AND IN CIRCULATION

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, effective this Friday, February 1, all window service employees of the U.S. Postal Service have been ordered to use the Susan B. Anthony dollar coin for change-making purposes unless the customer prefers not to accept them. If patrons complain they are to be directed to complete a complaint card. Consumer reaction, I believe, will be extremely unpopular. All post offices will display promotional materials in their customer service lobbies that bill the coin as "the dollar of the future—the Susan dollar coin." I would like to warn my colleagues to be prepared for a large influx of negative mail regarding this effort to keep the Susan B. Anthony coin alive and in circulation.

How long can the Postal Service keep Susan alive? The administration ought to do the sensible thing—stop making the coins now and let the coin collectors take this mistake out of circulation. If Susan B. Anthony is to be honored by a coin the Treasury Department would be well advised to start over with one that is not confusing in its size.

NEWS STORIES REMINISCENT OF "ALICE IN WONDERLAND"

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, yesterday, there were two heartening news stories that I heard: One, which has been referred to already, of course, is that Canada assisted six U.S. Embassy personnel in escaping from Iran.

The second bit of good news was the fact that Islamic countries meeting in Islamabad unanimously denounced the Soviet incursion into Afghanistan and demanded their troops' immediate withdrawal.

Today there were two other stories referring to these various things which I think bear our attention and which are certainly very reminiscent of the stories of "Alice in Wonderland."

The first is that the Iranian Foreign Minister accused Canada of breaking international law in helping these six Americans.

The second is that the Soviet news agency, Tass, has accused Islamic countries of "gross interference with the internal affairs of Afghanistan."

In light of these stories, let us congratulate the attendees of the conference, give our thanks to Canada, and denounce the ridiculous attempts by the Iranian Foreign Minister and the Soviet press to stand truth on its head.

JESSE OWENS, OLYMPIC ATHLETE, STRICKEN WITH LUNG CANCER

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, I noticed where the other body yesterday nearly unanimously approved the resolution having to do with the boycotting of the Olympics. That brings to mind a sad announcement that occurred in the last few days that I think should be brought to the attention of the House.

One of the greatest Olympic athletes of our time is Jesse Owens. He was a teammate of mine at the Ohio State University. In 1935, at Ann Arbor, Mich., he broke three world records and tied a fourth, all in one afternoon.

In 1936, he showed his class, as a great representative of the United States, while shunned and ignored by Adolf Hitler. Jesse Owens excelled in the 1936 Olympics and as a great American in his personal life thereafter.

□ 1520

I think my colleagues have read in the newspapers that Jesse has recently been stricken with lung cancer and is currently in the Community Hospital in Tucson, Ariz.. I hope my colleagues who share my concern might think of dropping a card or letter to Jesse Owens at the Community Hospital in Tucson, Ariz. and keep him in our prayers.

A HUMANITARIAN ACT BY OUR CANADIAN FRIENDS

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, yesterday, the world became aware of the extraordinary act of courage and friendship undertaken on behalf of six of our fellow Americans in Tehran by the staff of the Canadian Embassy, by the Canadian Ambassador to Iran, Kenneth Taylor, and by the Canadian Government.

Prime Minister Clark has stated in the past that Canada should demonstrate more often its close relationship with the United States. No more significant or dramatic demonstration could have been made.

We Americans will be forever grateful to our great friend and ally to the north for the protection and safe passage provided our diplomats.

It was a truly humanitarian act—and we will never forget it.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore (Mr. MOAKLEY) laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
January 30, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 10:30 a.m. on Wednesday, January 30, 1980, and said to contain the Economic Report of the President.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96-248)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Joint Economic Committee and ordered to be printed:

To the Congress of the United States:

Last year world oil prices more than doubled. This increase will add some $200 billion to the bill for imported oil paid by consuming nations. Higher oil prices were the major reason for the worldwide speedup in inflation during 1979 and the dimming of growth prospects for 1980.

The United States was severely affected, as were other oil-importing countries. Our share of the additional oil bill will come to almost $45 billion this year. Partly, but not solely, because of higher oil prices, inflation accelerated sharply. The consumer price index rose by over 13 percent. The Nation's output of goods and services, which had been predicted in last year's *Economic Report* to grow by 2¼ percent over the 4 quarters of 1979, rose by less than 1 percent.

Although growth slowed, our economy offered strong resistance to the forces of recession. Despite virtually universal forecasts of imminent recession, output continued to rise throughout the second half of last year. Housing sales and construction held up better than expected until late in the year. By reducing their savings, consumers maintained spending in the face of the multibillion dollar drain of purchasing power from higher oil prices. Because business inventories have been kept remarkably lean, declines in sales did not lead to major inventory corrections. More generally, the economic recovery of recent years has been free of the distortions which, in the past, made the economy sensitive to recessionary forces.

Employment growth held up even better than output, and unemployment remained under 6 percent all year. Unfortunately, the strength of employment gains reflected a sharp decline in productivity—2 percent over the year. This fall in productivity added to costs, and thus bore a share of the responsibility for higher inflation.

While inflation worsened in 1979, a large part of the acceleration was concentrated in a few areas—energy; homeownership and finance; and, early in the year, farm and food products. Elsewhere consumer price inflation was more moderate, as prices rose by 7.5 percent over the year. Wage gains were no higher than in 1978, despite the speedup of inflation. The government's voluntary wage and price standards were widely observed and limited sharply the extent to which inflation spread from oil and a few other troubled sectors to the rest of the economy.

THE IMPORTANCE OF REDUCING INFLATION

It is my strong conviction that inflation remains the Nation's number one economic problem. Energy and housing prices are still moving up rapidly, adding directly to inflation and continuing to threaten a new price-wage spiral in the rest of the economy. Even apart from these special problem sectors, inflation is now running at an 8 to 9 percent rate, compared to 6 or 6½ percent several years ago, in part because of a disappointing productivity performance.

Our immediate objective for 1980 must be to prevent the spread of double-digit price increases from oil and other problem sectors to the rest of the economy. My budget and economic policies have that as their primary goal. We share that same urgent goal with virtually every other oil-importing country. Halting the spread of inflation is not enough, however. We must take steps to reduce it.

Each new round of inflation since the 1960s has left our country with a higher underlying inflation rate. Without long-term policies to pull down the current 8 to 9 percent rate, our Nation will remain vulnerable to still further increases. Another sharp rise in oil prices or a worldwide crop shortage could provide the next turn of the ratchet. Failure to lower inflation after the latest episode would strengthen long-run inflationary expectations and erode resistance to even larger wage and price increases. Over the longer term, we will either

bring inflation down or it will assuredly get worse.

A STRATEGY FOR DEALING WITH INFLATION

To fight inflation I propose that we act along four lines. The *first* and most immediate of these is fiscal and monetary restraint:

—Under the economic conditions that now confront us we must concentrate on reducing the budget deficit by holding down Federal spending and forgoing tax reductions. We cannot afford a permissive economic environment in which the oil-led inflation of 1979 gives rise to a widespread acceleration of wage and price increases in 1980 and 1981.

—To reduce inflation in subsequent years, the budget will have to stay tight. That does not mean that it should fail to respond to changing economic circumstances or that taxes can never be reduced. But compared to an earlier less inflationary era the room for budgetary maneuver has appreciably narrowed.

—Monetary policy will have to continue firmly in support of the same anti-inflationary goals.

The *second* line of action is restraint by the private sector in its wage and price decisions. Aided by the deliberations of the Pay and Price Advisory Committees appointed last year, we have been updating and improving the voluntary wage and price standards.

As a *third* line of action we must pursue measures to encourage productivity growth, adapt our economy rapidly to the fact of scarcer oil supplies, and improve our competitive standing in the world economy. By dealing with these fundamental aspects of economic performance, we seek to ensure that the long-term monetary and fiscal restraints needed to curb inflation go hand-in-hand with a healthy growth in output, employment and living standards. These measures will also help us reduce inflationary pressures from the cost side.

Recent history has driven home the lesson that events outside our country—such as worldwide crop shortages or sudden increases in OPEC oil prices—can have major inflationary effects on the domestic economy. The *fourth* line of action, therefore, must be the use of measures relating to energy and food that reduce our vulnerability to outside inflationary shocks.

THE SHORT-TERM ECONOMIC OUTLOOK

We face a difficult economic transition in the next year or two. According to my economic advisers, our economy is likely to undergo a mild recession early this year. Most private forecasters share this view. Consumer purchasing power is being drained away by rising energy prices; moreover, construction of new homes may decline somewhat further because of limited supplies of mortgage credit and high mortgage interest rates.

Since economic growth in recent years has been well balanced, there are no serious distortions in our economy to intensify the forces of recession. An economic downturn, if it occurs, should therefore be brief and mild. By year-end our economy should be growing again, and the pace of expansion is likely to increase in 1981.

Unemployment will probably rise moderately this year. Next year a stronger pace of economic expansion will create more new jobs, and unemployment will begin to come down again.

Inflation has been building in our country for a decade and a half, and it will take many years of persistent effort to bring it back down. This year energy prices will still go up faster than other prices, but less so than in 1979. Some of the other special factors that contributed to inflation last year should do so to a smaller degree, or not at all, in 1980. Enactment of the budget that I have recommended, and continued exercise of reasonable restraint by business and labor in their wage and price decisions should make it possible to lower the rate of inflation from 13 percent in 1979 to close to 10 percent in 1980, and to a range of 8 to 9 percent in 1981. But that accomplishment will still leave inflation running at an entirely unacceptable pace. We cannot, and will not, rest until reasonable price stability has been achieved.

BUDGET POLICIES

My budget proposals will reduce the Federal deficit more than half to $16 billion in fiscal 1981. Accomplishing this reduction, despite the effect of slower economic growth on Federal tax revenues, has required severe restaint on Federal spending. Outlays will increase from $564 billion this year to $616 billion in fiscal 1981. Although real defense spending will rise, total Federal outlays, adjusted for inflation, will remain virtually constant. I propose to reduce inflation-adjusted spending outside of defense.

My 1981 budget is based squarely on the premise that bringing an end to inflation must remain the top priority of economic policy. Not only are budget expenditures held to the minimum level consistent with urgent national needs, but tax reductions are forgone. This austere budget policy, accompanied by supportive policies of monetary restraint, is a necessary condition for controlling inflation.

Citizens all across our country are facing rising tax burdens because of increased social security taxes and because inflation pushes individuals into higher income tax brackets. They want, and deserve, tax reductions when cuts can be granted within the framework of a prudent budgetary policy. Businesses need greater incentives to invest in the new and modern plant and equipment that is essential to growth in our productive capacity and to long-run improvement in economic efficiency. If we continue to keep the growth of Federal expenditures under tight rein, tax reductions will be forthcoming. But I could not and did not recommend tax relief this year.

I am aware that a mild recession is widely forecast. Indeed the estimates of revenues and expenditures in my budget assume its occurrence. But forecasts are necessarily uncertain. Our economy has shown remarkable resilience to date, and there is no evidence that a recession has begun. Under those circumstances, to have recommended a tax reduction and a much larger budget deficit would have been a signal that we were not serious in our fight against inflation. It would have increased inflationary expectations, weakened the value of the dollar in exchange markets, and risked the translation of last year's oil-led inflation into a new and higher wage-price spiral in 1980. In recognition of these realities, my budget proposals concentrate on reducing the deficit.

In this uncertain period, of course, economic policy cannot be fixed in place and then forgotten. If economic conditions and prospects should significantly worsen, I will be prepared to recommend to the Congress additional fiscal measures to support output and employment in ways and under circumstances that are consistent with a continued fight against inflation.

Restraint in the 1981 budget has been accomplished while still moving forward with Federal programs and expenditures that address our Nation's critical needs.

—Outlays for defense will increase by over 3 percent in real terms. Both strategic and conventional forces will be strengthened. Our commitment to our NATO allies will be met, and our ability to deploy forces rapidly anywhere in the world will be improved. Recent events in Southwest Asia have underlined the necessity for these actions.

—Expenditures will be raised to expand domestic energy supplies, increase energy conservation, and provide assistance to low-income families least able to pay higher energy prices.

—Support for basic research, enlarged in the past three fiscal years, will be further expanded to a total of $5.1 billion in 1981. Sustained commitment to basic research will assure continued American scientific and technical preeminence.

—A major new initiative, for which $1.2 billion in new budget authority is requested, addresses the serious problem of unemployment among disadvantaged youth.

These programs were made possible within the framework of a tight budget by pruning less essential programs, increasing administrative efficiencies, and reducing fraud and abuse. Legislative proposals to reduce Federal spending will save $5½ billion in fiscal 1981 and even more in subsequent years.

PAY AND PRICE STANDARDS

A little more than a year ago, I asked business and labor to join with me in the fight against inflation by complying with voluntary standards for pay and prices. Cooperation with my request was extensive. Last year's acceleration of inflation did not represent a breakdown of the pay and price standards. Skyrocketing energy prices, and rising costs of home purchase and finance lay behind the substantial worsening of inflation. Declining productivity also added to business costs and prices.

The pay and price standards, in fact, have served the Nation well. Although the price standards had only limited applicability to food, energy, and housing prices, in the remaining sectors of the economy, for which the standards were designed, prices accelerated little during the first year of the program. Wage increases were no larger than in 1978, even though the cost of living rose faster. Increases in energy prices did *not* spill over into wages and the broad range of industrial and service prices.

On September 28, 1979, my Administration and leaders of the labor movement reached a National Accord. We agreed that our anti-inflation policies must be both effective and equitable, and that in fighting inflation we will not abandon our effort to pursue the goals of full employment and balanced growth.

As an outgrowth of that Accord, I appointed a Pay Advisory Committee to work together with my Administration to review and make recommendations on the pay standards and how they are being carried out. A Price Advisory Committee was established to make recommendations with respect to the price standards.

The most immediate problem in 1980 is to ensure that last year's sharp increase in energy prices does not result in a new spiral of price and wage increases that would worsen the underlying inflation rate for many years to come. Understandably, workers, business managers, and other groups want to make up for last year's loss of real income, and they may seek to do so by asking for larger increases in wage rates, salaries and other forms of income. Such efforts would not restore real incomes that have been reduced by rising world oil prices and declining productivity, but they would intensify inflation. Improvements in our living standards can only be achieved by making our economy more efficient and less dependent on imported oil.

Voluntary standards for wages and prices, together with disciplined fiscal and monetary policies, are the key ingredients in a strategy for reducing inflation. During the years immediately ahead, monetary and fiscal policies will seek a gradual but steady lowering of inflation. By itself, restraint on borrowing and spending would mean relatively slow economic growth and somewhat higher unemployment and idle capacity. Effective standards for moderating wage and price increases will lead to greater progress in lowering inflation and thereby reduce the burden on monetary and fiscal policies and provide scope for faster economic growth and increased jobs.

LONG-TERM ECONOMIC GOALS

Just before my Administration took office the overall unemployment rate was still close to 8 percent. For blacks and other minorities, the rate was over 13 percent and had shown little improvement since the recovery began in early 1975.

Since then increases in employment have been extraordinarily large, averaging nearly 3½ percent per year. The gains for women were twice as large as for men. For blacks and other minority groups the percentage rise in employment was half again as large as for whites. Aided by a strongly expanded Federal jobs program for youth, employment among black and other minority teenagers grew by over 15 percent. Employment among Hispanic Americans rose by over 20 percent.

Unemployment rates have come down substantially for most demographic groups. Unemployment among black teenagers, however, has not fallen significantly and remains distressingly high.

To address the very serious problem of unemployment among disadvantaged youth, my Administration has substantially expanded funds for youth employment and training programs over the past 3 years. My 1981 budget includes an important new initiative to increase the skills, earning power, and employability of disadvantaged young people.

In 1978 the Humphrey-Hawkins Full Employment and Balanced Growth Act was passed with the active support of my Administration. The general objectives of the act—and those of my Administration—are to achieve full employment and reasonable price stability.

When I signed that act a little over a year ago, it was my hope that we could achieve by 1983 the interim goals it set forth: to reduce the overall unemployment rate to 4 percent and to achieve a 3 percent inflation rate.

Since the end of 1978, however, huge OPEC oil price increases have made the outlook for economic growth much worse, and at the same time have sharply increased inflation. The economic policies I have recommended for the next 2 years will help the economy adjust to the impact of higher OPEC oil prices. But no policies can change the realities which those higher prices impose.

I have therefore been forced to conclude that reaching the goals of a 4 percent unemployment rate and 3 percent inflation by 1983 is no longer practicable. Reduction of the unemployment rate to 4 percent by 1983, starting from the level now expected in 1981, would require an extraordinarily high economic growth rate. Efforts to stimulate the economy to achieve so high a growth rate would be counterproductive. The immediate result would be extremely strong upward pressure on wage rates, costs, and prices. This would undercut the basis for sustained economic expansion and postpone still further the date at which we could reasonably expect a return to a 4 percent unemployment rate.

Reducing inflation from the 10 percent expected in 1980 to 3 percent by 1983 would be an equally unrealistic expectation. Recent experience indicates that the momentum of inflation built up over the past 15 years is extremely strong. A practical goal for reducing inflation must take this fact into account.

Because of these economic realities, I have used the authority provided to me in the Humphrey-Hawkins Act to extend the timetable for achieving a 4 percent unemployment rate and 3 percent inflation. The target year for achieving 4 percent unemployment is now 1985, a 2-year deferment. The target year for lowering inflation to 3 percent has been postponed until 3 years after that.

MEASURES TO IMPROVE ECONOMIC PERFORMANCE

Achieving satisfactory economic growth, reducing unemployment, and at the same time making steady progress in curbing inflation constitutes an enormous challenge to economic policy.

To lower inflation, we will have to persist in the painful steps needed to restrain demand. But demand restraint alone is not enough. We must work to improve the supply side of our economy—speed its adjustment to an era of scarcer energy, increase its efficiency, improve the workings of its labor markets, and expand its capital stock. We must take measures to reduce our vulnerability to inflationary events that occur outside our own economy. Only an approach that deals with both demand and supply can enable the Nation to combine healthy economic growth with price stability.

LONG-RUN ENERGY POLICIES

Over the past 3 years I have devoted a large part of my own efforts and those of my Administration toward putting in place a long-term energy policy for this Nation. With the cooperation of the Congress much has already been accomplished or stands on the threshold of final enactment.

The phased decontrol of natural gas and domestic crude oil prices will provide strong, unambiguous signals encouraging energy conservation and stimulating the development of domestic energy supplies. But decontrol of oil in the face of very high OPEC prices, inevitably generates substantial windfall profits. The windfall profit tax I have proposed will capture a significant portion of these windfalls for public use.

The increased Federal revenues from this tax will make it possible to cushion the poor from the effects of higher oil prices, to increase our investment in mass transit, and to support programs of accelerated replacement of oil-fired electricity generation facilities and increased residential and commercial energy conservation. I have also proposed incentives for the development of energy from solar and biomass sources, and have asked the Congress for authority to create an Energy Security Corporation to provide incentives and assistance on a business-like basis for the accelerated development of synthetic fuels. Other legislation that I have proposed, which is also now before a Conference Committee of the Congress, would create an Energy Mobilization Board to cut the red tape and speed the development of essential energy projects. I urge the Congress to take the final steps to enact the enabling legislation for my energy initiatives.

These policies will sharply increase the efficiency with which our Nation uses energy and widen the range of economically feasible energy sources. In so doing, they will help make our economy less inflation-prone. They will also drastically cut our reliance on imported oil, and by making our Nation less vulner-

able to sudden increases in world oil prices, reduce the probability of sudden inflationary surges.

By the end of this decade, we will be well on the way to completing the transition toward the new world of scarcer oil supplies. In the interim, however, our country still remains dangerously exposed to the vagaries of the world oil market.

I am pursuing measures to deal with this transitional problem. Together with other major oil-consuming countries in the International Energy Agency we are working to devise improved means of matching any future cuts in oil supplies with joint action to reduce oil demand. By avoiding a competitive scramble for scarce oil, we can reduce the chances of further large price increases.

Last year I pledged that our country would never again import more oil than we did in 1977—8.5 million barrels a day. This year I am establishing a lower import target of 8.2 million barrels a day. I am prepared to reduce that target in the event that discussions within the International Energy Agency produce a fair and equitable agreement that requires still lower imports. I will impose a fee on purchases of foreign oil if they threaten to exceed the limit that I set.

While international cooperation is essential, so are measures we can take on our own. In accordance with legislation enacted last year the Administration has developed a standby motor fuel rationing plan to deal with major supply interruptions, defined to be a shortfall in supply of 20 percent or more. This plan will be submitted to the Congress in February. But even smaller supply interruptions can cause severe economic problems. We are therefore considering proposals for standby measures to be applied if lesser, but still significant, disruptions occur. The Strategic Petroleum Reserve (SPR) can cushion the impact of an abrupt cutoff in supplies. My budget provides funds for resuming SPR purchases this year if conditions permit.

IMPROVING LABOR MARKETS

The persistence of high unemployment among some groups of workers while jobs go begging and unemployment is low elsewhere is not only a major social problem but a waste of national resources. The lack of skills, the imperfections of the labor market, and in some cases, the discrimination that gives rise to this situation, reduce national productivity and contribute to inflation.

Although our labor market currently works quite well for most people, it does not work well for disadvantaged and minority youth. In recognition of this fact, I have recently sent to the Congress proposals designed to deal with teenage unemployment.

The goals of my proposal are:

—to teach basic skills in the secondary schools to those youths who did not master them in elementary school and who need special help;

—to provide part-time employment and training to dropouts if they participate in long-term training to develop skills that will improve their prospects; and

—to provide intensive long-term training aimed at helping older youths out of school find jobs in the private sector.

The funds will go largely to poor rural areas and central cities, where youth unemployment is particularly high because of inadequate education, and where local resources are insufficient to rectify the problem.

Another segment of the labor force needing special assistance is the working poor. The welfare reforms which I have sent to the Congress will provide training, help in seeking jobs, and work opportunities for poor but employable persons.

REFORMING REGULATION

Regulation has joined taxation, defense, and the provision of social services as one of the principal activities of the government. Unneeded regulations, or necessary regulations that impose undue burdens, lower efficiency and raise costs.

For the past 3 years I have vigorously promoted a basic approach to regulatory reform: unnecessary regulation, however rooted in tradition, should be dismantled and the role of competition expanded; necessary regulation should promote its social objectives at minimum cost.

Working with the Congress we have deregulated the airline industry. We are now cooperating with congressional committees to complete work on fair and effective legislation that eliminates costly elements of regulation in the trucking, railroad, communications, and financial industries.

Within the executive branch, we are improving the quality and lowering the cost of regulations. The Regulatory Council, which I established a year ago, is helping us comprehend the full scope of Federal regulatory activities and how these activities, taken together, affect individual industries and sectors. A number of regulatory agencies are experimenting with new regulatory techniques that promise to achieve regulatory goals at substantially lower costs.

INCREASING INVESTMENT AND ENCOURAGING RESEARCH AND DEVELOPMENT

We do not know all of the causes of the slowdown in productivity growth that has characterized our economy in recent years. But we do know that investment and research and development will have to play an important role in reversing the trend.

To meet the Nation's sharply increased requirement for investment in energy production and conservation, to fulfill its commitment to cleaner air and water and improved health and safety in the workplace, and at the same time to provide more and better tools for a growing American work force, our Nation in the coming decade will have to increase the share of its resources devoted to capital investment.

We took one step in this direction in the Revenue Act of 1978, which provided a larger than normal share of tax reduction for investment incentives. Passage of my pending energy legislation will make available major new incentives and financial assistance for investment in the production and conservation of energy. When economic conditions become appropriate for further tax reduction, I believe we must direct an important part of any tax cut to the provision of further incentives for capital investment generally.

One of the most important factors in assuring strong productivity growth is a continuing flow of new ideas from industry. This flow depends in the first instance on a strong base of scientific knowledge. The most important source of such knowledge is basic research, the bulk of which is federally funded.

Between 1968 and 1975 Federal spending for basic research, measured in constant dollars, actually fell. But since that latter year, and especially during the years of my Administration, Federal support for basic research has increased sharply. In spite of the generally tight economic situation, the 1981 budget I am submitting to the Congress calls for yet another substantial increase in real Federal support for basic research. Even during a period of economic difficulties, we cannot afford to cut back on the basis for our future prosperity.

AGRICULTURE

Because the worldwide demand for food has grown substantially, overproduction is no longer the primary problem in agriculture. Government policies now seek to encourage full production, while cushioning the American economy and the American farmer from the sharp swings in prices and incomes to which the farm sector is often subject. Over the past several years my Administration has created a system of farmer-owned grain reserves to supplement the loan and target-price approach to farm income stabilization. In periods of low prices and plentiful supplies, incentives are provided to place grain in the reserves, thereby helping to support farm income. The incentives also work to hold the grain in reserve until prices rise significantly, at which time the grain begins to move out into the market, helping to avoid or to moderate the inflationary consequences of a poor crop.

Over this last year, the reserve has been tested twice. When fears of poor world harvests threatened to drive grain prices to extraordinarily high levels last spring and summer, farmers sold grain from the reserve, limiting the price rise. Since I suspended grain shipments to the Soviet Union this month in response to that country's brutal invasion of Afghanistan, increased incentives to place grain in reserve have been serving as one of our main defenses to protect farmers from precipitous declines in prices.

THE INTERNATIONAL ECONOMY

Other countries besides our own suffered important setbacks in 1979 from the dramatic increase in oil prices. Growth prospects worsened, inflation increased, and balance of payments deficits rose. In such difficult times economic cooperation between nations is especially

important. Joint action among oil-consuming countries is needed to reduce the pressure of demand on supply and to restore order in world petroleum markets. Cooperation is necessary to protect international financial markets against potential disruptions arising from the need to finance massively increased payments for oil. And cooperation is also necessary to prevent a destructive round of protectionism.

Because the dollar is the major international store of value and medium of exchange, the stability of international financial markets is closely linked to the dollar's strength. The actions taken in November 1978 by the United States and our allies to strengthen and stabilize the dollar worked well during the past year. That the dollar did well despite accelerating domestic inflation is due in part to a significant improvement in our current account balance during 1979. U.S. exports grew rapidly and thus helped to offset rising payments for oil. During the autumn of 1979, however, the dollar came under downward pressure. The October actions of the Federal Reserve Board to change the techniques of monetary policy helped moderate inflationary expectations which had been partly responsible for the pressure on the dollar. As a Nation we must recognize the importance of a stable dollar, not just to the United States but to the world economy as a whole, and accept our responsibility to pursue policies that contribute to this stability.

The Multilateral Trade Negotiations of the Tokyo Round were successfully completed and became law in the United States during 1979. These trade agreements are a major achievement for the international economy. By lowering tariff barriers both in the United States and abroad, they will help increase our exports and provide Americans with access to foreign goods at lower prices. Perhaps more important, these agreements will limit restrictive and unfair trade practices and provide clearer remedies where there is abuse. They cannot, by themselves, assure smooth resolution of all trade issues. Indeed, the real test will come as we begin to carry them out. Nevertheless the agreements reached last year do represent a clear commitment to the preservation and enhancement of an open system of world trade.

CONCLUSION

The 1970s were a decade of economic turmoil: World oil prices rose more than tenfold, helping to set off two major bouts of inflation and the worst recession in 40 years. The international monetary system had to make a difficult transition from fixed to floating exchange rates. In agriculture a chronic situation of oversupply changed to one which alternates between periods of short and ample supplies.

It was an inflationary decade. It brought increased uncertainty into business and consumer plans for the future.

We are now making the adjustment to the realities of the economic world that the 1970s brought into being. It is in many ways a more difficult world than the one that preceded it. Yet the problems it poses are not insuperable.

There are no economic miracles waiting to be performed. But with patience and self-discipline, combined with some ingenuity and care, we can deal successfully with the new world. The 1980s can be a decade of lessened inflation and healthy growth.

JIMMY CARTER.

JANUARY 30, 1980.

EXTENSION OF TIME FOR JOINT ECONOMIC COMMITTEE TO FILE REPORT OF FINDINGS AND RECOMMENDATIONS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Joint Economic Committee be granted an extension of time from March 1, 1980, to March 15, 1980, to file a report of its findings and recommendations with respect to the Economic Report of the President, as required by section 5(b)(3) of the Employment Act of 1946 (15 U.S.C. 1024(b)(3)).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

REPORT ON RESOLUTION EXTENDING FILING DATE OF FINAL REPORT OF SELECT COMMITTEE ON COMMITTEES

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 96–742) on the resolution (H. Res. 533) extending the filing date of the final report of the Select Committee on Committees, which was referred to the House Calendar and ordered to be printed.

RECESSION AND TARGETED FISCAL ASSISTANCE

Mr. BROOKS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 5980) to authorize a program of fiscal assistance during economic recessions and to authorize a program of targeted fiscal assistance, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 390, nays 9, answered "present" 2, not voting 33, as follows:

[Roll No. 13]

YEAS—390

Abdnor	Downey	Kildee
Akaka	Drinan	Kogovsek
Alexander	Duncan, Oreg.	Kostmayer
Ambro	Duncan, Tenn.	Kramer
Anderson, Calif.	Early	LaFalce
	Eckhardt	Lagomarsino
Andrews, N.C.	Edgar	Latta
Andrews, N. Dak.	Edwards, Ala.	Leach, Iowa
	Edwards, Calif.	Leach, La.
Annunzio	Edwards, Okla.	Lederer
Anthony	Emery	Lee
Archer	Erdahl	Lehman
Ashley	Erlenborn	Leland
Aspin	Ertel	Lent
Atkinson	Evans, Del.	Levitas
AuCoin	Evans, Ga.	Lewis
Badham	Evans, Ind.	Livingston
Bafalis	Fary	Loeffler
Bailey	Fazio	Long, La.
Baldus	Fenwick	Long, Md.
Barnard	Ferraro	Lott
Beard, R.I.	Findley	Lowry
Beard, Tenn.	Fish	Lujan
Bedell	Fisher	Luken
Beilenson	Fithian	Lundine
Benjamin	Flippo	Lungren
Bennett	Florio	McClory
Bereuter	Foley	McCloskey
Bethune	Ford, Mich.	McCormack
Bevill	Ford, Tenn.	McDade
Biaggi	Forsythe	McHugh
Bingham	Fountain	McKay
Blanchard	Fowler	Madigan
Boggs	Frenzel	Maguire
Boland	Frost	Markey
Bolling	Fuqua	Marks
Boner	Garcia	Marlenee
Bonior	Gaydos	Marriott
Bouquard	Gephardt	Martin
Bowen	Giaimo	Matsui
Brademas	Gibbons	Mattox
Breaux	Gilman	Mavroules
Brinkley	Gingrich	Mazzoli
Brodhead	Ginn	Mica
Brooks	Glickman	Michel
Broomfield	Goldwater	Mikulski
Brown, Calif.	Gonzalez	Miller, Ohio
Brown, Ohio	Goodling	Mineta
Buchanan	Gore	Minish
Burgener	Gradison	Mitchell, N.Y.
Burlison	Gramm	Moffett
Burton, John	Grassley	Montgomery
Burton, Phillip	Green	Moore
Byron	Grisham	Moorhead, Calif.
Campbell	Guarini	
Carney	Gudger	Moorhead, Pa.
Carter	Guyer	Mottl
Cavanaugh	Hagedorn	Murphy, NY.
Chappell	Hall, Ohio	Murphy, Pa.
Cheney	Hall, Tex.	Murtha
Clausen	Hamilton	Myers, Ind.
Cleveland	Hance	Natcher
Clinger	Hanley	Neal
Coelho	Harkin	Nedzi
Coleman	Harris	Nelson
Collins, Ill.	Harsha	Nichols
Collins, Tex.	Hawkins	Nolan
Conable	Heckler	Nowak
Conte	Hefner	O'Brien
Conyers	Heftel	Oakar
Corcoran	Hightower	Oberstar
Corman	Hillis	Obey
Cotter	Hinson	Ottinger
Coughlin	Hollenbeck	Panetta
Courter	Holt	Pashayan
Crane, Daniel	Holtzman	Patten
Crane, Philip	Hopkins	Patterson
D'Amours	Horton	Paul
Daniel, Dan	Howard	Pease
Daniel, R. W.	Hubbard	Pepper
Danielson	Huckaby	Perkins
Dannemeyer	Hughes	Petri
Daschle	Hutto	Peyser
Davis, Mich.	Hyde	Pickle
Davis, S.C.	Ichord	Porter
de la Garza	Ireland	Preyer
Deckard	Jacobs	Price
Dellums	Jeffries	Pritchard
Derrick	Jenkins	Pursell
Derwinski	Jenrette	Quayle
Devine	Johnson, Calif.	Quillen
Dickinson	Johnson, Colo.	Rahall
Dicks	Jones, N.C.	Railsback
Dingell	Jones, Okla.	Rangel
Dixon	Jones, Tenn.	Ratchford
Dodd	Kastenmeier	Regula
Donnelly	Kazen	Reuss
Dornan	Kelly	Rhodes
Dougherty	Kemp	Richmond

Rinaldo	Smith, Nebr.	Vander Jagt
Ritter	Snowe	Vento
Roberts	Snyder	Volkmer
Robinson	Solarz	Walgren
Rodino	Solomon	Walker
Roe	Spellman	Wampler
Rosenthal	Spence	Waxman
Rostenkowski	St Germain	Weaver
Roth	Stack	Weiss
Roybal	Staggers	White
Royer	Stangeland	Whitehurst
Rudd	Stanton	Whitley
Russo	Stark	Whittaker
Sabo	Stenholm	Whitten
Santini	Stewart	Williams, Mont.
Satterfield	Stockman	Williams, Ohio
Sawyer	Stokes	Wilson, C. H.
Scheuer	Stratton	Wilson, Tex.
Schroeder	Studds	Winn
Schulze	Stump	Wirth
Sebelius	Swift	Wolff
Seiberling	Symms	Wolpe
Sensenbrenner	Synar	Wright
Shannon	Tauke	Wydler
Sharp	Taylor	Wylie
Shelby	Thomas	Yates
Shumway	Thompson	Yatron
Shuster	Traxler	Young, Alaska
Simon	Trible	Young, Fla.
Skelton	Udall	Young, Mo.
Slack	Ullman	Zablocki
Smith, Iowa	Van Deerlin	Zeferetti

NAYS—9

Bauman	Kindness	Mitchell, Md.
Butler	Lloyd	Rousselot
Hansen	McDonald	Wilson, Bob

ANSWERED "PRESENT"—2

Albosta	Mollohan

NOT VOTING—33

Addabbo	Fascell	Moakley
Anderson, Ill.	Flood	Murphy, Ill.
Applegate	Gray	Myers, Pa.
Ashbrook	Hammer-schmidt	Rose
Barnes	Holland	Runnels
Bonker	Jeffords	Steed
Broyhill	Leath, Tex.	Treen
Carr	McEwen	Vanik
Chisholm	McKinney	Watkins
Clay	Mathis	Wyatt
Diggs	Miller, Calif.	
English		

□ 1540

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 5980, with Mr. GEPHARDT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, December 14, 1979, section 1 was open to amendment at any point. Are there any further amendments to section 1?

Mr. BROOKS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we are picking up where we left off just before the end of the first session, and I will take only a few minutes here to refresh our memories.

H.R. 5980 authorizes two programs. One—and it is the major part of the bill—would provide up to $1 billion a year to State and local governments to help them overcome the effects of a national recession. This would be a standby program, on the books ready to use when a recession hits. It uses new, far more reliable data than previous antirecession programs did to indicate the start of a recession, to measure its impact, and to allocate the payments. The money would stop when the recession ends.

The other part of the bill authorizes a one-time payment that would go out as soon as the bill became law to cities that are still feeling the effects of the 1974–75 recession. The amount in the bill for this program now is $150 million as a result of an amendment the House adopted last month. I suspect we have not heard the last on this point, but that is where we stand now.

Mr. Chairman, this is a good bill that would permit the Federal Government to provide prompt, effective assistance to State and local governments that need it, whenever the national economy declines. It would also give a little boost to some of our cities that have not come all the way back from the last recession.

Mr. Chairman, it is highly possible that we could finish this bill this afternoon, and I would like to see those of you who have dinner invitations make them, as I would like to make mine.

Mr. Chairman, I urge the Members to kill most of the amendments that may be offered and to vote for the bill.

I yield back the balance of my time.

Mr. HORTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as we begin consideration of this bill, I would like to review the nature of the legislation that is before us.

It consists of two titles that are, in effect, two separate programs. The first program, countercyclical, would provide aid to State and local governments in the event of a national recession. The second program, targeted fiscal assistance, would provide a one-time payment to local governments that are suffering from high unemployment rates. These two programs are not jobs programs. They are not designed to subsidize or create jobs. They are designed to provide, on the basis of need, aid to State and local governments.

The countercyclical program provides financial relief to State and local governments adversely affected by a recession and serves two important purposes. It will lessen the need for State and local governments to cut back on vital services during times of economic hardship and it will reduce the pressure on State and local governments to increase taxes, and thus work at cross purposes with the Federal Government's effort to stimulate the economy through the reduction of Federal taxes. The program will only operate in the event of a national recession and will only provide assistance to State and local governments that are actually affected by the recession and will automatically cease providing assistance when the need is no longer there.

The program of targeted fiscal assistance provides a single payment totaling $150 million to local units of government that have higher than average unemployment rates.

The purpose of this program is distinctly different from the purpose of the countercyclical program. The countercyclical program provides fiscal relief to governments affected by a temporary downturn in the economy; the targeted fiscal assistance program provides fiscal relief to those local governments, urban, suburban, and rural, that are suffering from the problems of long-term economic decline—that is, decline that continues even during periods of national growth.

The countercyclical program is greatly improved over previous legislation enacted by the House.

It has a tough national trigger that insures that the country is well into a recession before the program triggers on.

The program is more sophisticated than past countercyclical programs in that it recognizes that State and local governments go into and out of the recession at different times and are affected by different degrees.

The program does not throw money away by aiding all governments when only a few may need it. The program provides assistance only to those governments affected by a recession and automatically ceases providing assistance when the need is no longer there.

A final point to consider is that both programs are inexpensive to operate. They do not require a lot of overhead; they do not create a bureaucracy or result in excessive redtape.

For the reasons I have touched on for the last few minutes, I urge the House to give this legislation the most serious consideration.

I, too, urge that the Members defeat the amendments and support this bill.

I yield back the remainder of my time.

□ 1550

Mr. KINDNESS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think it is necessary to point out that when this bill was considered in December there was considerable uncertainty in the Chamber and around the House about what it meant, what it would do, and that uncertainty persists and is not relieved a bit after the delay from December the 19th which I believe was the last date we considered the bill.

Here we are again to consider a matter that probably should have been delayed indefinitely.

Today we will be offering certain amendments which are intended to make this program operate at least in a more rational and equitable fashion than as the bill is presently drafted.

Mr. Chairman, you will remember when we left the matter in December, many Members were concerned by the fact the Department of the Treasury had not provided an accurate printout telling where those targeted fiscal assistance moneys would go. At that time some Members were running around with allocation figures given them by the Department of the Treasury and other proponents of the bill and they had to be told that the unemployment rates used to determine those allocations were from the wrong time period. Consequently, many places that thought they were eligible or were thought to be eligible, they were not eligible in fact and there were many more thought to be eligible than ever could be expected to be eligible when the correct rates were used.

Mr. Chairman, things have changed but not entirely. While the Department of the Treasury has now provided the Congress with an allegedly accurate printout, there is a minor problem with that printout. I would like to warn the Members about the effect of that printout that you are currently seeing, if anyone cares at all.

Simply put, Mr. Chairman, the Department of the Treasury's printout does not conform to the bill that is before us on the floor today. Later on today the House will be asked, through an amendment offered by the gentleman from North Carolina (Mr. FOUNTAIN) as I understand it, the distinguished chairman of the subcommittee, to change this bill so that the House will conform the bill to the Department of the Treasury printout. Somehow I thought our job was a little different than that and it seems that the facts are a little bit backward on this one.

I was under the impression that the agencies were supposed to conform the printout to the points that we gave them and not the other way around.

Here we are today apparently to conform our bill to the printout given us by the Department of the Treasury. It does sound peculiar. It is only peculiar if you have not been following the developments on this bill recently anyway. Most of the things that are contained in this bill are peculiar and I would hazard a guess that things are likely to stay that way pretty much for the life span of this legislation.

Mr. Chairman, I would like the Members to know what the problem is with the printout so they can understand, apply and interpret it correctly, at least as I understand it, and why we have to change the bill to conform to the printout.

Mr. Chairman, the bill before us now says that no community can receive funding if it has experienced a growth rate in employment in excess of 250 percent over the last 3 years. It is an antigrowth factor limiting the distribution of targeted assistance funds.

The administration suggested this factor for use in the bill originally, as I understand it, to the chairman of the committee, the gentleman from Texas (Mr. BROOKS), when he underwent that marvelous transformation from an opponent of such legislation to a strong supporter of it. There was no time to consider the effect of this or any other provision which the administration had stuck in the bill. The problem with the employment growth is that it just does not exist. We do not have the figures for each community and State around the Nation. The data for employment growth is simply not available. As a consequence, the Department of the Treasury substituted another factor for employment growth when it did the computer run that is being circulated currently and that factor says that no community can receive funding if it has experienced a growth rate in excess of 150 percent of national real wages and salaries over the last 3 years, rather than employment.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I do yield to the gentleman from North Carolina.

Mr. FOUNTAIN. I would like to say the gentleman is correct. The figures were incorrect.

Mr. Chairman, I propose to offer an amendment which will substitute 150 percent of real wages and salaries for the unavailable employment growth data, and those figures will correspond with the new printout which we have received, if it is adopted.

Mr. KINDNESS. Mr. Chairman, the gentleman's point is exactly correct.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. KINDNESS was allowed to proceed for 2 additional minutes.)

Mr. KINDNESS. The gentleman from North Carolina (Mr. FOUNTAIN) has just qualified the point I am attempting to make, that we have to change the bill now to conform to the printout and what we have in the printout is growth and wages and salaries as a factor to be measured to determine whether communities are cut off from participation in the distribution of those funds.

Now, Mr. Chairman, the problem is that if you do not have accurate figures as to employment increase, surely you do not have accurate figures as to wage and salary growth, either. If you do not know who is working or how many people are working, you cannot measure real wage and salary growth.

I think we ought to think about that, Mr. Chairman. I think the entire exercise is illustrative of a legislative body acting with unseemly haste, even at this late date, to shove something down our collective throats. The more you know about this legislation the more concern you should have.

If we plan to vote for this bill no matter what happens and kill the amendments, as has been suggested by the two gentlemen who previously spoke, then I recommend that you try to close your minds to the facts and learn as little as possible about this bill and its effects. That way at least next November you can tell your constituents at home that you did not understand the bill and you did not understand that it would do what it inevitably will do and that is to make a mess out of distributing the taxpayers' funds from taxes that, of course, are to be collected off in future years as a part of national debt.

At least you can tell the people at home you did not know, you did not understand. Surely you would not have meant it.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. KINDNESS. I would yield to the gentleman from Maryland.

Mr. BAUMAN. When this bill was last considered on December 14, the gentleman from Maryland had the dubious honor of handling the rule which made it in order. During the discussion then it was pointed out rather clearly that there were no statistics available to Members of the House so that they would know how the formula in the bill worked or what were the amounts for each of the jurisdictions they represented.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. BAUMAN and by unanimous consent, Mr. KINDNESS was allowed to proceed for 2 additional minutes.)

Mr. BAUMAN. Mr. Chairman, I have listened carefully to what the gentleman says and in the interim the Treasury Department has produced a list of the amounts of money that this formula will produce and the gentleman tells us the bill does not in fact authorize those amounts. So in order to conform the bill to the statistics of the Department of the Treasury, we are going to amend the bill?

Mr. KINDNESS. Well, Mr. Chairman, it is not a novel idea but that is the idea.

Mr. BAUMAN. Instead of the Department of the Treasury providing us with the correct statistics conforming with legislation written by a committee, we are being asked to change potential U.S. statutes—that is what we do here, pass laws, lest we forget that—to conform to a formula because otherwise they still could not tell us what money amounts the original bill provide, is that correct?

Mr. KINDNESS. That is correct, Mr. Chairman, with the single exception there is still substantial question as to the validity of the figures that are being used by the Department of the Treasury to come up with a printout that is currently being distributed.

Mr. Chairman, I would mention also that at the time of which the gentleman spoke, the earlier consideration of this bill, there was a printout circulating rather sub rosa. The reason it was sub rosa was they had already determined the figures were all wrong but it was used for conversational purposes here and there, perhaps to some good effect in terms of getting support for a bill.

Mr. BAUMAN. If the gentleman would yield further, how many billions of dollars are included in this bill, totally?

Mr. KINDNESS. Mr. Chairman, that is another matter that we have to consider adjusting here today. The bill as it comes to us calls for $1.25 billion, which is well in excess of the amount that is scheduled in the budget resolution to cover countercyclical fiscal assistance.

□ 1600

Mr. BAUMAN. So that if we vote for this we increase the budget deficit by the amount in this bill, other than $500 million authorized?

Mr. KINDNESS. In excess of the $525 million that is authorized and that is in the budget resolution; however, an amendment will be offered to bring that into line a little bit later.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman and I despair for the country.

AMENDMENT OFFERED BY MR. FOUNTAIN

Mr. FOUNTAIN. Mr. Chairman, consistent with the tenor of the colloquy which has been taking place, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOUNTAIN: Page 67, strike out line 13 and everything that follows through line 21 and insert in lieu thereof the following:

"(B) such unit of local government is located in a county for which the rate of growth in total wages and salaries (as determined by the Secretary of Commerce for the purpose of computing the gross national

product and reported to the Secretary) for the most recent 3 calendar years for which data are available (expressed as a percent) does not exceed 150 percent of the national rate of growth in total wages and salaries (as so determined) for such calendar years (expressed as a percent); and

Mr. FOUNTAIN. Mr. Chairman, when my colleague, the distinguished chairman of the committee, the gentleman from Texas (Mr. BROOKS) and I introduced this bill, it had 120 percent of the national rate—not 250, not 150.

In the full committee, without the very careful and deliberate consideration which is normally given these matters and to which the gentleman has made reference, the committee accepted a 250-percent employment growth rate.

Then when we examined it we saw what the undesirable effect would be; so I am offering an amendment which will reduce that 250 percent to 150 percent.

The subcommittee bill has provided, as recommended by the administration, that eligibility for targeted assistance be restricted to local governments in counties where the employment growth rate has not exceeded 120 percent of the national rate. As I have said, this figure was increased to 250 percent in the committee markup, thereby negating the very purpose of the provision to distinguish between stagnant and growing communities. Few, if any, local governments would be made ineligible by a growth rate that exceeds 250 percent of the national average.

Since that time, the administration has advised us that the employment growth data are not reliable or readily available. The Department of Commerce does receive reports from employers and they do have reliable information on wages and salaries. Consequently, my amendment, which is supported by the administration, would substitute 150 percent of real wages and salaries for the employment growth rate. This amendment will provide a more reliable measure and significantly improve the formula's ability to distinguish between a fiscally strained community and one which has been experiencing economic growth.

In my judgment, a growth rate ceiling of 150 percent above the national level is about as high as this figure can be pushed without neutralizing this eligibility factor.

AMENDMENT OFFERED BY MR. MATSUI AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FOUNTAIN

Mr. MATSUI. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MATSUI as a substitute for the amendment offered by Mr. FOUNTAIN: Page 67, strike out line 13 and everything that follows through line 21 and insert in lieu thereof the following:

"(B) such unit of local government is located in a county for which the rate of growth in aggregate real wages and salaries (as determined by the Secretary of Commerce for the purpose of computing the gross national product and reported to the Secretary) for the most recent 3 calendar years for which data are available (expressed as a percent) does not exceed 250 percent of the national rate of growth in aggregate real wages and salaries (as so determined) for such calendar years (expressed as a percent); and

Mr. MATSUI. Mr. Chairman, my amendment merely brings back the figure of 250 percent on real wages and growth. I do recognize the perfecting amendment offered by the gentleman from North Carolina in the sense that we do have to perfect the fact that the employment growth figure alone is insufficient, that we should use real wages and benefits; however, the gentleman brings a substantive aspect to this amendment when the gentleman indicates he wishes to drop the figure from 250 to 150 percent.

I might add that approximately 20 States of this country will be affected adversely by the amendment of the gentleman from North Carolina (Mr. FOUNTAIN) if it is allowed to remain as is.

I might also point out that when this matter was first discussed by the administration, when it was first discussed by the committee, the gentleman from North Carolina (Mr. FOUNTAIN) and the gentleman from New Jersey (Mr. RODINO) in the form of a bill, this provision was not in there. It was not until sometime in December when we realized from the Department of Labor that there was no statistical information on real increases in employment growth that we decided we had to change the figure.

What I am pointing out is the fact that this provision itself is ill-conceived and really makes very little sense, as the gentleman from Ohio has raised.

We are willing to leave the provision in, but I think we had better leave it in with the figure of 250 percent, because at least then we may know what the impact will be on the rest of the country and some of the communities that will be adversely hit by this.

The real danger in the amendment of the gentleman from North Carolina (Mr. FOUNTAIN) is the fact that you could have a very high rate of unemployment, a very disastrous position in a community, a State, a city or county, and at the same time, because the figure is high in terms of the real wages and growth, you would end up having a situation where the community would be excluded.

For that reason, I think my substitute amendment should pass.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Chairman, I rise in support of the amendment of the gentleman from California. My own city is a case in point. I just checked with Treasury and double checked the figures in the various printouts around here. It is difficult to determine which one you should read from.

The Treasury assures me that the effect of the amendment of the gentleman from North Carolina (Mr. FOUNTAIN) would be to decrease the amount of money under this program which the city of Flint, Mich., an automotive city, would receive from $600,000 to $7,000. That is a very Draconian cut. I just verified these figures with the Treasury.

The problem is, real wages have grown in my city, but we are going up in unemployment at this point; so I think we should all look at the effect of the gentleman from North Carolina's amendment particularly with the changes taking place in the economy now. Unemployment in my district, of course, is higher because I come from a strong automotive area. This is a drastic cut for my district. The Treasury assures me that my analysis is correct, a drop from $600,000 to $7,000.

Mr. KINDNESS. Mr. Chairman, will the gentleman from California, yield?

Mr. MATSUI. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I would ask the gentleman whether it is correct that the figures available on growth in wages and salaries are based largely on industrial and governmental employment; is that a correct assumption?

Mr. MATSUI. I believe it is; yes.

Mr. KINDNESS. We have in our economy today, and this is a point I would like to make rather than a question, but a surmise I think we all should consider, we have occurring in our economy today quite a bit of change in the other portion of the economy, the small businesses that provide over half the employment in this country. Over half of those people who are employed are employed by small businesses that are not included in these figures; so you must doubt the validity of those figures. Of course, they may be used through the life of this legislation if it is passed with at least equal validity. It may be wrong from the beginning and at the end, but I would like to make the point that regardless of the assertions that the figures are more reliable, they are still not reliable because they leave out most of small business.

□ 1610

Mr. Chairman, the gentleman from Michigan (Mr. KILDEE) spoke of what is happening in the automobile industry and what is happening in Flint, Mich. I would strongly urge that the gentleman consider supporting the amendment that will be offered by the gentleman from Ohio (Mr. WILLIAMS).

The CHAIRMAN. The time of the gentleman from California (Mr. MATSUI) has expired.

(By unanimous consent, Mr. MATSUI was allowed to proceed for 2 additional minutes.)

Mr. KINDNESS. Mr. Chairman, will the gentleman yield further?

Mr. MATSUI. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, to continue, that is an amendment that would allow more current figures to be used in these calculations rather than figures that might be several years old, figures that would not address the problem adequately.

Mr. Chairman, I thank the gentleman for yielding.

Mr. MATSUI. Mr. Chairman, I thank the gentleman from Ohio (Mr. KINDNESS).

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from California.

Mr. VAN DEERLIN. Mr. Chairman, the rate of growth in a community may have very little relationship to the need of a community. In the case of the county that I represent, San Diego, we have a situation where there is an inordinately high number of senior citizens. We have, as has a great part of California, a great number of refugees from Southeast Asia. Those are people who must be factored into the community needs.

So to judge us on rate of growth alone will be to lose the point entirely.

Despite the long and great respect I have for the gentleman from North Carolina (Mr. FOUNTAIN), I must support the substitute amendment offered by our new colleague, the gentleman from California (Mr. MATSUI). This is an approach which ties need to the bottom line, as it were.

Mr. Chairman, I greatly appreciate the opportunity to be heard on this point.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from California.

Mr. FAZIO. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to join in support of the amendment offered by my friend, the gentleman from California (Mr. MATSUI).

We are an area of the country that is experiencing a tremendous amount of growth. We are working very hard to produce the kind of jobs needed to absorb that population increase. It is very difficult to keep pace with the influx of people that we have in California, and the job creation problem, particularly in the manufacturing and service industries, constantly occupies us.

Mr. Chairman, I think the gentleman's point is very well taken, and I request my colleagues to join with the gentleman from California (Mr. MATSUI) in this matter and support his amendment which is so crucial to high-growth areas of our country.

Mr. BROOKS. Mr. Chairman, I rise in support of the Fountain amendment and in opposition to the Matsui amendment which is offered as a substitute for that amendment.

Mr. Chairman, I want to point out that the purpose of the provision is to eliminate payments to governments that should be able to handle their own fiscal needs. If employment in a community grows 250 percent above the average in the country, that community should be doing pretty well by anybody's standards, and they ought to be able to absorb some small local burden. I realize that we, too often, try to avoid that in the Congress and not have our local people absorb any of these burdens, but they ought to absorb something.

The amendment that the gentleman from North Carolina (Mr. FOUNTAIN) offers would provide that the communities with over a 150-percent growth rate would be ineligible. If they are over 150 percent, they ought to be able to stand on their own feet and cut it.

The figure of 250 percent adopted in the committee would make this growth test meaningless. I voted against it. For all practical purposes, it just means there is no test as far as growth is concerned, and that the fast-growing communities in this country, the ones that are doing the best, are going to be right in there with their hands in the till.

Mr. Chairman, I do not think we ought to do it that way. I would support setting the figure at 150 percent, and I endorse the amendment offered by the gentleman from North Carolina (Mr. FOUNTAIN). I do not agree that we should extend it to 250 percent, as the Matsui amendment would provide.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. Mr. Chairman, let me reply to the gentleman from the Seventh District of Michigan (Mr. KILDEE) at this point by stating that whoever he got his information from in Treasury gave him phony information, because we have the printout from Treasury that shows that the drop in his district by changing the formula from 250 to 150 percent would be a change from $9,502 to $8,255. That is the information in the printouts which were sent to us by the Treasury Department.

Mr. Chairman, with respect to the Matsui observation, let me supplement what the gentleman from Texas (Mr. BROOKS) has already so well said. The targeted assistance program, which the gentleman and I are supporting as a short-term expedient until our subcommittee can reconsider general revenue sharing later this year—and I must say that is a portion of the bill about which I do not have a great deal of enthusiasm—is a part of the compromise we worked out. And it is intended to benefit only fiscally distressed communities.

If the gentleman does not agree with that purpose, he should vote against the targeted assistance title of this bill. If the gentleman has fast-growing communities in his district, this is not the program for him. General revenue sharing is the program designed to take care of all general purpose governments, including rapidly growing cities and counties which do indeed have high investment costs for such things as sewers, schools, streets, and so forth.

Mr. Chairman, I thank the gentleman for yielding.

Mr. KILDEE. Mr. Chairman, I move to strike the last word, and I rise in support of the substitute amendment.

In so doing, Mr. Chairman, I will respond to the statement of the gentleman from North Carolina (Mr. FOUNTAIN) that whatever I received from Treasury was not accurate. I know the gentleman believes that to be the case. I just double-checked with Treasury, and they believe those figures to be correct. The State of Michigan office believes those figures to be correct, and they have double-checked them.

I think the problem here is that some of us are being asked to buy the proverbial "pig in a poke." We have seen that there has been this effect upon a city, a drop from $600,000 to $7,000, and I certainly have double checked those figures to make sure I am correct. I would suggest that the gentleman from North Carolina (Mr. FOUNTAIN) do the same thing. I have no intention to deceive anymore than the gentleman from North Carolina (Mr. FOUNTAIN) has any intention to deceive.

On that point we agree. But I think that we have mixed somewhat together here in our figures unemployment rates with average wages and salaries, and in so mixing unemployment and average wages and salaries we do arrive at quite disparate figures.

In my city, for example, wages and salaries have continued to grow for those who are working. I am not sure how the gentleman blended the two together, but I do know as a matter of fact, that the figures show that unemployment is soaring in our city.

I know that the city government is operating on a very tight budget right now, and it has been looking to the passage of this bill to help it through the slowdown which has hit the automotive industry.

Mr. Chairman, I plead with the Members to consider the fact that Treasury agrees with my figures and the State of Michigan office agrees with my figures, and I think this type of cut is too much to ask anyone to accept.

Mr. MATSUI. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from California.

Mr. MATSUI. Mr. Chairman, I thank the gentleman from Michigan for yielding.

Mr. Chairman, I would only point out also to the gentleman from North Carolina (Mr. FOUNTAIN) that there are some safeguards in this legislation at this particular time. On page 66 of the bill, for example, it provides that if the unemployment rate of a community is below the national average, it will not qualify for the money. If per capita growth in the community is 120 percent over the national average, it will not qualify for the money. So we do have some built-in safeguards in this bill.

The provision that the gentleman had originally requested with the 150 percent figure, as I indicated earlier, is meaningless, because all it does is base it on growth. It does not take into consideration unemployment and poverty figures. So the figure in and of itself is meaningless.

Mr. Chairman, I would also point out to the chairman of the Committee on Government Operations that when he indicates that the figure of 250 percent sounds very large, I agree that it does sound large. However, wages and salaries over the past 3 years, according to Treasury, have grown at the rate of 7.15 percent. That means, if the figure of the gentleman from North Carolina (Mr. FOUNTAIN) of 150 percent passes, any community that has a real wage and benefit growth over a 3-year period in excess of 10.73 percent, that community will be ineligible.

Mr. Chairman, this is not a large sum. The figure of 250 percent sounds large,

but the real figures, if we look at this, are not large at all. In fact, they are very small when we consider what our economic situation is today.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. Mr. Chairman, I would simply like to say that we have to rely upon the printouts and information which is furnished us by bureaucracy. I think that is one of the unfortunate things in considering legislation. We need our own computer capability for checking Treasury printouts. But I have the official Treasury printouts, and these are the figures I have cited.

If these figures are inaccurate, then I would say all those figures are inaccurate, and maybe the whole bill ought to be killed for lack of information.

□ 1620

But I do not think that is true.

You make reference to unemployment. We have found, year after year in taking testimony from the Labor Department, that unemployment rates for most communities are completely unreliable. We have added some new eligibility factors here which makes the targeted assistance formula a little more reasonable and rational. However, the experts have told us that the unemployment rates for communities with a population of less than 50,000 are simply random numbers—the same as taking numbers out of a hat.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. KILDEE) has expired.

(On request of Mr. FOUNTAIN and by unanimous consent, Mr. KILDEE was allowed to proceed for 1 additional minute.)

Mr. FOUNTAIN. So we have gone to a formula where we do have accurate and adequate information supplied to the Department of Commerce by the employers of this country, and that is the wage and salary data which we are using as a basis for the antirecession assistance program, which is title IV of the bill. This is the important part of the bill.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

Mr. Chairman, I wanted to clarify, to see if I heard right, the figures that the gentleman mentioned the first time he spoke with reference to the city of Flint. The drop was from how much to $7,000?

Mr. KILDEE. Roughly $600,000, to $7,000.

Mr. KINDNESS. Could the gentleman tell me whether that $600,000 figure was perhaps calculated on the basis of current information rather than the 5-year average span?

Mr. KILDEE. The information I had was averaged-out information. I just verified it with the Treasury.

Mr. KINDNESS. It is not based on a current year, the most recently closed year being 1978?

Mr. KILDEE. Not to my understanding.

Mr. KINDNESS. If the gentleman will yield further for one moment, the gentleman from California has made a point that a 10-point-something increase in real wages and salaries would give rise to a cutoff situation under the amendment as proposed by the gentleman from North Carolina (Mr. FOUNTAIN). Do either of the gentlemen know whether the city of New York might be cut out by that? If so, I might prefer the amendment offered by the gentleman from North Carolina.

Mr. MATSUI. I do not know specifically about New York's situation. I would imagine they are in the printout someplace.

Mr. HUGHES. Mr. Chairman, I move to strike the requisite number of words.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. I thank the gentleman for yielding.

Mr. Chairman, I ask unanimous consent to substitute the words "real wages and salaries" for the words "total real wages and salaries," as read by the Clerk. The Clerk was inadvertently given an earlier version of the amendment which had "total," and it should be "real wages and salaries" and not "total."

I ask unanimous consent to eliminate the word "total."

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HUGHES. Mr. Chairman, I wonder if I could have the attention of my colleague, the gentleman from North Carolina. I do not serve on this committee, and I have some major concerns about the legislation. I am frank to admit that much of what he says about the statistics is accurate, but we have a situation in New Jersey, in my district, particularly Ocean County, where we have had a tremendous amount of growth. It is a seashore area, with primarily a seasonable economy and little year-round industry. It is one of the fastest growing areas in the entire Northeast part of the country, if not the entire country, and yet we have pockets of unemployment. In fact, at times in some of these seashore communities the unemployment ranges up to 25 percent along the coast.

As I understand it, the purpose of the targeted fiscal assistance program is to offer a one-time, unrestricted payment to local jurisdictions with long-term fiscal problems. If we deny to Ocean County, for instance, funds under this particular program, as I believe we will, because their growth rate has been in excess of 250 percent, we are going to deny small communities that have long-term fiscal problems, it seems to me, under the gentleman's amendment, relief under this bill.

Is that what the gentleman's amendment does?

Mr. FOUNTAIN. If the gentleman will yield, will the gentleman ask the question again?

Mr. HUGHES. My question is, are you not going to be denying some of the small communities that have long-term fiscal problems, high unemployment rates, an inordinate amount of people on public assistance, are you not going to be denying those communities fiscal assistance under a formula that really has little relationship to fiscal stability or actual need?

Mr. FOUNTAIN. Under this particular title of the bill, we are not trying to take care of every community and every bailiwick in America.

If we did, there would be no telling how big the bill would have to be.

Communities like those the gentleman is talking about will get their assistance from the other title of this bill, the antirecession title, in addition to such nominal sums as they may get. I do not know how much the gentleman's community will get. I notice New Jersey gets $10,870,000 under the 150 percent amendment which I just offered. New York, I think, gets about $20 million. But this is a targeted assistance program not based on unemployment, because unemployment figures are unreliable. But the real wages and salaries are substantially reliable figures, and you will also get help under the general revenue sharing.

Mr. HUGHES. I understand. I can defend this section of the bill more than I can any other section because I believe that targeted fiscal assistance under a proper formula is justifiable. But I am saying to the gentleman that if my figures are accurate, you are going to be denying to one of my counties something like $250,000 on the basis of a formula that has no relationship to long-term fiscal problems. I have difficulty with the relationship between a 250 percent national growth rate and the long-term fiscal problems of small communities.

Mr. FOUNTAIN. The only thing I can say in response, none of these formulas are perfect.

Mr. HUGHES. I would agree with the gentleman.

Mr. FOUNTAIN. I happen to have five or six congressional districts in my own State which will not get a dime under this piece of legislation.

Mr. HUGHES. I thank the gentleman. I think the gentleman has answered my question. That is one of the reasons why I will support the Matsui amendment.

Mr. KINDNESS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment to the amendment.

Mr. Chairman, I shall not take 5 minutes. I have had the opportunity to use a portion of the time of others in the form of yielded time. But I would just like to make it clear that it took a little figuring on my part, and I am sure it did on the part of others here, to determine whether they ought to support or oppose the amendment as offered by the gentleman from California (Mr. MATSUI).

I think in a very real sense, political sense, it would be the smart thing for me to vote for the amendment. There are some communities in my district that would probably be affected favorably by that amendment. But at the same time, all of the moneys that are used for targeted fiscal assistance are going to come out of the pot that is

used for the other purposes of this bill, the countercyclical fiscal assistance.

Let us be aware that targeted fiscal assistance may very well use up the whole pot. And let us be aware that if that is the case, there is one of two courses of action that will be followed:

First, you are going to hear a lot of yells about no countercyclical assistance or, second, we are going to be back here considering putting more money in the pot.

I am not so sure that we want to see either of those things occur. So at this point I would be most inclined to say, let us take it easy on this targeted fiscal assistance and not spread it too far. It already has an expansive dimension to it. The gentleman from North Carolina has offered an amendment which, while I do not have any confidence in the figures that the Treasury Department has produced, at least seems to be the most cautious approach to possibly enlarging the pot out of which comes both targeted fiscal assistance and the countercyclical type.

So I would respectfully urge that the amendment to the amendment offered by the gentleman from California not be supported.

Mr. MATSUI. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. MATSUI. Mr. Chairman, I tend to agree with the gentleman. You do not want to create a problem that is even greater than what we have right now. But if you leave some of these counties like Flint, Mich., and like the one the gentleman from New Jersey raised, untouched because of the formula, then we are going to have to come back next year and take care of these gentlemen.

So I think what you should do is spread it around a little more to the communities which need it right now, and maybe we will not come back next year. So if you do oppose my substitute, it may be more counterproductive to your goals, I believe, which is to ultimately not spend the money next year or the year after. That would be my analysis in response to the gentleman's comment.

Mr. KINDNESS. If I might direct a question to the gentleman—and I will be happy to yield for an answer—we are all afflicted with the same problem here, not knowing how to calculate this and not knowing how the money can be used to help in those situations where there is a great deal of unemployment. As we all know, the municipalities and counties involved are not very likely to be able to do much by way of putting people to work with these funds.

Has the gentleman any light to cast on that aspect of it? How is this going to help people who are out of jobs?

□ 1630

Mr. MATSUI. Well, that is speaking to the bill itself. I am speaking to the amendment, to the particular amendment. I was in local government before I came to Washington. I must say that when we received revenue-sharing money and these kinds of moneys, it was of assistance to our community.

Mr. Chairman, I yield back the balance of my time.

Mr. KINDNESS. Mr. Chairman, I yield back the balance of my time.

● Mr. JOHNSON of California. Mr. Chairman, I rise in support of the Matsui substitute. The substitute by Representative MATSUI would retain in this bill the provision allowing for funds to go to communities in a county with a growth rate less than 250 percent of the national average for the last 3 years. This eligibility percentage should not be lowered, the effect of which would be to prevent fewer communities from receiving these necessary, antirecession funds. The threat of recession is real. We need to protect the public fully. The First District of California would lose about half of the funds they would otherwise be eligible to receive, unless this substitute by Representative MATSUI is adopted.

We should retain the provision allowing for funds to a county with a growth rate of less than 250 percent of the national average for the last 3 years. We should support, therefore, the Matsui substitute amendment.●

● Mr. EDWARDS of California. Mr. Chairman, I rise in support of the Matsui substitute amendment to the Fountain amendment.

I would like to credit the Government Operations Committee for their foresight in establishing a figure of 250 percent of the national average as the limit for growth in a local jurisdiction. We are, after all, considering an antirecession fiscal assistance bill which is designed to assist local communities in stressful times. There are many additional factors involved in measuring the economic news of a community beyond the growth rate. The Government Operations Committee recognized the validity of this when they set the figure at 250 percent, high enough so that needy communities would not be eliminated strictly because of a high growth rate.

It is not hard to imagine factors other than the growth rate which could indicate a needy community. An example of this which affects most of us and will continue to become more pervasive in the future is a community which is economically viable and has a concentration of a large national industry in the region. If this industry becomes uncompetitive and begins closing its operations, even the most prosperous communities can be plunged toward recession. My colleagues with auto or steel plants in their district are well aware of the pressing regional problems this presents. The results of such a closure are often long-term fiscal distress.

Consider further a healthy region or city which has a high growth rate but is plagued by a concentration of hardcore unemployed. This is a problem which is abundant in our country. Yet, if we accept the Fountain amendment the needs of these communities will be ignored.

Finally, I would like to call your attention to another example of a community which is certainly worthy of fiscal assistance but would be excluded under the Fountain amendment. Here I am referring to communities which have had a large population of Indochinese refugees settled into their region. The distribution of these people is guided by Federal policy and can place immense strain on the locality in which the refugee settle. We are hardly living up to our responsibilities when we impose burdens on a small community without assisting them in absorbing the new immigrants.

It is clear that a growth eligibility requirement is not the best trigger mechanism for Federal fiscal assistance because it does not take enough factors into account when discriminating between localities. Recognizing the limitations of this measure, I think it is essential that we be cautious in adopting a restrictive limitation on growth. This is the only way we can be certain our policy does not become destructive and result in the exclusion of many deserving areas.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. MATSUI) as a substitute for the amendment offered by the gentleman from North Carolina (Mr. FOUNTAIN), as modified.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BROOKS. Mr. Chairman, I demand a recorded vote.

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. BAUMAN. Mr. Chairman, I withdraw my point of order.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 119, noes 294, not voting 21, as follows:

[Roll No. 14]

AYES—119

Akaka	Edwards, Ala.	Mottl
Alexander	Edwards, Calif.	Nichols
Ambro	Fazio	Nolan
Anderson, Calif.	Flippo	Oberstar
Aspin	Florio	Obey
Bafalis	Ford, Mich.	Panetta
Baldus	Fuqua	Pashayan
Bellenson	Goldwater	Patterson
Bethune	Gonzalez	Paul
Bevill	Hammer-schmidt	Pepper
Blanchard	Hansen	Pritchard
Boggs	Hawkins	Pursell
Bolling	Hollenbeck	Quayle
Bonior	Howard	Rahall
Breaux	Huckaby	Ratchford
Broomfield	Hughes	Rhodes
Brown, Calif.	Johnson, Calif.	Rodino
Buchanan	Kazen	Roybal
Burgener	Kelly	Royer
Burton, John	Kildee	Sabo
Burton, Phillip	Kramer	Sawyer
Cheney	Lagomarsino	Schroeder
Clausen	Leach, La.	Shumway
Coelho	Lehman	Simon
Collins, Ill.	Leland	Stack
Conyers	Lewis	Staggers
Corman	Livingston	Stark
Cotter	Lloyd	Swift
Danielson	Long, La.	Symms
Dannemeyer	Long, Md.	Thomas
de la Garza	Lowry	Traxler
Deckard	Lungren	Van Deerlin
Dellums	McCloskey	Walgren
Dickinson	Maguire	Waxman
Dicks	Matsui	Weaver
Dingell	Mattox	Williams, Mont.
Dixon	Mica	Wilson, Bob
Dornan	Mineta	Wolpe
Downey	Moffett	Young, Fla.
Duncan, Oreg.	Moore	

NOES—294

Abdnor	Giaimo	Natcher
Albosta	Gibbons	Neal
Andrews, N.C.	Gilman	Nedzi
Andrews, N. Dak.	Gingrich	Nelson
Annunzio	Ginn	Nowak
Anthony	Glickman	O'Brien
Applegate	Goodling	Oakar
Archer	Gore	Ottinger
Ashley	Gradison	Patten
Atkinson	Gramm	Pease
AuCoin	Grassley	Perkins
Badham	Gray	Petri
Bailey	Green	Pickle
Barnard	Grisham	Porter
Bauman	Guarini	Preyer
Beard, R.I.	Gudger	Price
Beard, Tenn.	Guyer	Quillen
Bedell	Hagedorn	Railsback
Benjamin	Hall, Ohio	Rangel
Bennett	Hall, Tex.	Regula
Bereuter	Hamilton	Reuss
Biaggi	Hance	Richmond
Bingham	Hanley	Rinaldo
Boland	Harkin	Ritter
Boner	Harris	Roberts
Bonker	Harsha	Robinson
Bouquard	Heckler	Roe
Bowen	Hefner	Rosenthal
Brademas	Heftel	Rostenkowski
Brinkley	Hightower	Roth
Brooks	Hillis	Rousselot
Brown, Ohio	Hinson	Rudd
Broyhill	Holland	Russo
Burlison	Holt	Santini
Butler	Holtzman	Satterfield
Byron	Hopkins	Scheuer
Campbell	Horton	Schulze
Carney	Hubbard	Sebelius
Carter	Hutto	Seiberling
Cavanaugh	Hyde	Sensenbrenner
Chappell	Ichord	Shannon
Chisholm	Ireland	Sharp
Clay	Jacobs	Shelby
Cleveland	Jeffries	Shuster
Clinger	Jenkins	Skelton
Coleman	Jenrette	Slack
Collins, Tex.	Johnson, Colo.	Smith, Iowa
Conable	Jones, N.C.	Smith, Nebr.
Conte	Jones, Okla.	Snowe
Corcoran	Jones, Tenn.	Snyder
Coughlin	Kastenmeier	Solarz
Courter	Kemp	Solomon
Crane, Daniel	Kindness	Spellman
Crane, Philip	Kogovsek	Spence
D'Amours	Kostmayer	St Germain
Daniel, Dan	LaFalce	Stangeland
Daniel, R. W.	Latta	Stanton
Daschle	Leach, Iowa	Steed
Davis, Mich.	Lederer	Stenholm
Davis, S.C.	Lee	Stewart
Derrick	Lent	Stockman
Derwinski	Levitas	Stokes
Devine	Loeffler	Stratton
Diggs	Lott	Studds
Dodd	Lujan	Stump
Donnelly	Luken	Synar
Dougherty	Lundine	Tauke
Drinan	McClory	Taylor
Duncan, Tenn.	McCormack	Thompson
Early	McDade	Trible
Eckhardt	McDonald	Udall
Edgar	McHugh	Ullman
Edwards, Okla.	McKay	Vander Jagt
Emery	McKinney	Vento
English	Madigan	Volkmer
Erdahl	Markey	Walker
Erlenborn	Marks	Wampler
Ertel	Marlenee	Watkins
Evans, Del.	Marriott	Weiss
Evans, Ga.	Martin	White
Evans, Ind.	Mathis	Whitehurst
Fary	Mavroules	Whitley
Fenwick	Mazzoli	Whittaker
Ferraro	Michel	Whitten
Findley	Mikulski	Williams, Ohio
Fish	Miller, Ohio	Wilson, C. H.
Fisher	Minish	Winn
Fithian	Mitchell, Md.	Wirth
Foley	Mitchell, N.Y.	Wolff
Ford, Tenn.	Moakley	Wright
Forsythe	Mollohan	Wydler
Fountain	Montgomery	Wylie
Fowler	Moorhead, Calif.	Yates
Frenzel	Moorhead, Pa.	Yatron
Frost	Murphy, NY.	Young, Alaska
Garcia	Murphy, Pa.	Young, Mo.
Gaydos	Murtha	Zablocki
Gephardt	Myers, Ind.	Zeferetti

NOT VOTING—21

Addabbo	Flood	Peyser
Anderson, Ill.	Jeffords	Rose
Ashbrook	Leath, Tex.	Runnels
Barnes	McEwen	Treen
Brodhead	Miller, Calif.	Vanik
Carr	Murphy, Ill.	Wilson, Tex.
Fascell	Myers, Pa.	Wyatt

□ 1640

Mrs. BOUQUARD, Ms. FERRARO, Messrs. ALBOSTA, HOPKINS, HAGEDORN, YOUNG of Missouri, and WEISS changed their votes from "aye" to "no."

Messrs. LEHMAN, PASHAYAN, QUAYLE, HANSEN, STAGGERS, KRAMER, BUCHANAN, Mrs. BOGGS, and Mr. PEPPER changed their votes from "no" to "aye."

So the amendment offered as a substitute for the amendment, as modified, was rejected.

The result of the vote was announced as above recorded.

□ 1650

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. FOUNTAIN), as modified.

The amendment, as modified, was agreed to.

AMENDMENTS OFFERED BY MR. LEVITAS

Mr. LEVITAS. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. LEVITAS:

Page 62, line 17, redesignate subsection (b) as subsection (c) and insert immediately before such line the following new subsection:

"(b) PROCEDURE FOR CONGRESSIONAL VETO.—

"(1) TRANSMISSION TO CONGRESS.—The Secretary shall transmit to the Secretary of the Senate and the Clerk of the House of Representatives a copy of any rule promulgated with funds appropriated under this title or relating to funds appropriated under this title.

"(2) RESOLUTION OF DISAPPROVAL.—Such rule shall not take effect, if—

"(A) within the 45 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, both Houses of the Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress disapproves the rule promulgated by the Secretary of the Treasury with respect to , such rule having been transmitted to the Congress on .', the blank spaces therein being appropriately filled; or

"(B) within the 30 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, one House of the Congress adopts such concurrent resolution and transmits such resolution to the other House and such resolution is not disapproved by such other House within the 15 calendar days of continuous session of the Congress which occur after the date of such transmittal.

"(3) TAKING EFFECT OF RULES.—If, within the 30 calendar days of continuous session of the Congress after the date of the promulgation of such rule, no committee of either House of the Congress has reported, or has been discharged from further consideration of, a concurrent resolution disapproving the rule, and neither House has adopted such resolution, the rule may take effect. If, within such 30 calendar days, a committee has reported, or has been discharged from further consideration of, such resolution, or either House has adopted such resolution, the rule may not take effect prior to the date which occurs after the 45 calendar days of continuous session of the Congress after the date of the promulgation of such rule.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) continuity of session is broken only by an adjournment of the Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of 15, 30, and 45 calendar days of continuous session of the Congress.

"(5) EFFECT OF INACTION OR REJECTION OF RESOLUTION.—Congressional inaction on, or rejection of, a resolution of disapproval pursuant to this section shall not be deemed an expression of approval.

Page 77, line 8, redesignate subsection (b) as subsection (c) and insert immediately before such line the following new subsection:

"(b) PROCEDURE FOR CONGRESSIONAL VETO.—

"(1) TRANSMISSION TO CONGRESS.—The Secretary shall transmit to the Secretary of the Senate and the Clerk of the House of Representatives a copy of any rule promulgated with funds appropriated under this title or relating to funds appropriated under this title.

"(2) RESOLUTION OF DISAPPROVAL.—Such rule shall not take effect, if—

"(A) within the 45 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, both Houses of the Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress disapproves the rule promulgated by the Secretary of the Treasury with respect to , such rule having been transmitted to the Congress on ', the blank spaces therein being appropriately filled; or

"(B) within the 30 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, one House of the Congress adopts such concurrent resolution and transmits such resolution to the other House and such resolution is not disapproved by such other House within the 15 calendar days of continuous session of the Congress which occur after the date of such transmittal.

"(3) TAKING EFFECT OF RULES.—If, within 30 calendar days of continuous session of the Congress after the date of the promulgation of such rule, no committee of either House of the Congress has reported, or has been discharged from further consideration of, a concurrent resolution disapproving the rule, and neither House has adopted such resolution, the rule may take effect. If, within such 30 calendar days, a committee has reported, or has been discharged from further consideration of, such resolution, or either House has adopted such resolution, the rule may not take effect prior to the date which occurs after the 45 calendar days of continuous session of the Congress after the date of the promulgation of such rule.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) continuity of session is broken only by an adjournment of the Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of 15, 30, and 45 calendar days of continuous session of the Congress.

"(5) EFFECT OF INACTION OR REJECTION OF

RESOLUTION.—Congressional inaction on, or rejection of, a resolution of disapproval pursuant to this section shall not be deemed an expression of approval.

Mr. LEVITAS (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from from Georgia?

Mr. KINDNESS. Mr. Chairman, reserving the right to object, is an extra copy available?

Mr. LEVITAS. I have made available a copy to the ranking minority member, and I will be happy to furnish the gentleman with another copy.

Mr. KINDNESS. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The CHAIRMAN. The gentleman from Georgia (Mr. LEVITAS) is recognized for 5 minutes in support of his amendment.

Mr. LEVITAS. Mr. Chairman, the purpose of these two amendments is to amend both title IV and title V, the fiscal assistance countercyclical section as well as the targeted fiscal assistance section, so that the Congress will have a right to review the regulations issued by the Secretary of the Treasury implementing these two titles.

An examination of the legislation indicates that there are 10 different sections in the bill in which authority to issue regulations to implement the section are conferred on the Secretary of the Treasury, including such broad areas as giving the Secretary the right to set forth rules to issue to each State and unit of local government; provides a statement of assurances; uses certain fiscal accounting and auditing guidelines established by the Secretary, and also procedures for maintaining access to records and the like. It gives the Secretary very broad power, in effect, to put in requirements never contemplated by the Congress, or indeed even can frustrate some of the specific requirements put in by the Congress.

I would like to point out, Mr. Chairman, that this is not some type of whimsical or imaginary concern, because when the Congress earlier passed other legislation giving the power to the Secretary to issue regulations in that case, during the last administration, the Secretary of the Treasury in that instance by his regulations specifically frustrated the specific mandate of the Congress. Letters were written to the Secretary by the chairman of the committee, Mr. BROOKS; by the chairman of the subcommittee, Mr. FOUNTAIN, pointing out that the Secretary had countermanded by administrative fiat, by regulation, what Congress had ordered by law. When the Secretary responded to the chairman and to the chairman of the subcommittee, the response was, "Well, we just have a difference of opinion."

I say to the Members that is unacceptable because the law confirms upon the Congress the power and the responsibility to make laws, and not the unelected bureaucrats. This amendment would provide veto over any regulations issued by the Secretary of the Treasury in implementing these regulations.

This would simply place the responsibility upon the elected Congress to make certain that the regulations issued by the Secretary, which he has very broad authority to issue, will carry out the intention of Congress, and we as the elected and accountable representatives of the people, and not the unelected bureaucrats, will have the final say-so. I think it is simply a question of who makes the laws in this country. Is it the elected Congress or is it the unelected bureaucrats?

In the case of the Secretary of the Treasury we have already had an experience where he, by regulation, has frustrated the specific mandate of the Congress. I think the time has come for us to exercise our responsibility and reclaim our prerogatives and powers.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding. I commend him for his amendment and for offering it, and urge support for the amendment particularly in view of the fact that the intent of the Congress is a little blurry on the legislation, and that heightens the need for us to take a look at the regulations when the regulations are promulgated. We may all be quite surprised by them.

Mr. LEVITAS. I think the gentleman is absolutely correct. I think it is very important to know, and many Members are not aware, that the Secretary will have the power to make regulations regarding payments to local units located in larger entities; to make rules relating to boundary changes; to have reorganizations of local governments. He has got vast power. It is a legislative power, and I think we ought to have the power to veto any regulations he issues that do not carry out the intent of the Congress.

I thank the gentleman for his support.

□ 1700

Mr. BROOKS. Mr. Chairman, I rise in opposition to the amendments. I oppose the amendments because I oppose the concept of legislative veto generally. We are kidding ourselves if we say we are going to look at every regulation and approve it. This is just not going to happen. In addition, for disbursements of targeted fiscal assistance on April 1, they would have to have the regulations out by February 15, so that Congress would have 45 days to look at those regulations. The two programs contained in this bill make legislative veto even less attractive than usual, because they are going to expire next September 30 and they will be gone before we can crank up any viable legislative veto machinery—if we ever could. There is not that much regulatory authority in this bill. These programs are pretty well self-executing. As soon as the regulations on eligibility are met, then the problem is merely one of disbursements under the rules, under the law. Sticking in a legislative veto could very well defeat that purpose, and I would urge defeat of the amendments.

Mr. HORTON. Mr. Chairman, I move to strike the requisite number of words, and I, too, rise in opposition to the amendments. Generally, I oppose the concept of legislative veto. I commend the gentleman from Georgia (Mr. LEVITAS) for his attempts to call to the attention of the Congress the public, and the administration, the need for the Congress to have some type of oversight over regulations. The problems that the gentleman from Georgia attempts to address in his efforts to put legislative veto provisions in the bills going through the Congress are real. But I think that the method he is proposing is impractical.

I was chairman of the Paperwork Commission. We looked at this problem very carefully. We recommended in our report in October 1977 that this was not the way to go. Members of the Congress are also attempting to accomplish the same thing by the so-called sunset provisions. What I am trying to do is to hit the bureaucracy over the head and let them know that in issuing regulations they are creating laws, in essence, that have not been passed by the Congress and that could overstep the intent of Congress. So in that sense what the gentleman is doing is a good effort but, on the other hand, practically it is not possible for the Congress to oversee by legislative veto the regulations that are promulgated by the various agencies. We are tied up now in just trying to do what we are trying to do by way of legislation. For us to now have an additional responsibility of a legislative veto, it seems to me, would make almost impossible the job of the Congress, and I do not think we would accomplish anything. It seems to me that what we ought to do in order to solve this problem is to have better oversight by the Congress. The Committee on Government Operations cannot cover everything. We need more legislative oversight by all committees of Congress. I think that responsibility is equally important with the legislative work that we do. So I think the mission and the purpose of the gentleman from Georgia (Mr. LEVITAS) can be accomplished but it should be accomplished in a different way. It seems to me, as the gentleman from Texas (Mr. BROOKS) has said, it is impractical for us to really conduct oversight over all of the regulations issued.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I will be glad to yield to the gentleman from Georgia.

Mr. LEVITAS. I thank my colleague for yielding. I do not want to get into the merits at this point of the general concept of legislative veto. I think the House has spoken repeatedly on its feelings about that, that the elected officials, not the unelected officials, ought to make the law. But in this instance it is

particularly important because the Secretary of the Treasury is given broad powers under this legislation to write rules affecting local government reorganizations, boundary changes, eligibility, and the like. Let me tell you, oversight will not work.

There is no more feared Member of Congress in the bureaucracy than the gentleman from Texas (Mr. BROOKS), the chairman of this committee. His very name strikes terror into the hearts of the bureaucrats. Yet in 1976 when the Secretary of the Treasury issued regulations under the Revenue Sharing Act and the chairman of the committee pointed out those regulations went against the intention of the Congress, the Secretary of the Treasury thumbed his nose at this chairman of our committee and the chairman of the subcommittee.

Mr. HORTON. I would like to recapture my time. I will agree with the gentleman that the gentleman from Texas (Mr. BROOKS) is certainly highly regarded by the administration. As far as we are concerned in the House, he does an excellent job, and the Committee on Government Operations does an excellent job with regard to oversight. But I would also say that if the Secretary of the Treasury thumbed his nose at the gentleman from Texas (Mr. BROOKS) I am sure he is going to live to regret that because I think he will have to pay for it at some later date. I do not think we ought to put the legislative veto in this particular bill.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak against the amendment.

Mr. Chairman, I oppose the amendment for three reasons. In the first place, the amendment does not contain any expediting procedure for consideration of the matter by either of the Houses, and it would in effect be a nullity. Of course, the reason the gentleman from Georgia did not put it in is because he would have then made it subject to a point of order. But, nevertheless, without the expedited procedure, this action simply cannot be effective.

The second reason is, I think, related to the first. If in fact the bureaucracy violates the law, the best way to stop the bureaucracy's promulgating a rule contrary to the statutory mandate is in the courts. Courts would overturn such a rule if it were outside the law. If, indeed, the law is too ambiguous and grants too much authority, what is needed to be done is to limit the bureaucracy by amendment of the law, not by consideration of a specific exception as it comes up. We must learn to do these things if we are to actually control bureaucracy.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes. I yield to the gentleman from New York.

Mr. HORTON. I thank the gentleman for yielding. I think the gentleman is saying in another way some of the things that I was saying. If these agencies are violating the law by issuing regulations which do not correspond with the law, they ought to be called up before the legislative committees of the Congress and made to toe the mark and correct those regulations. That certainly is one way to get at oversight without this legislative veto.

Mr. ECKHARDT. I certainly agree with the gentleman.

Let me make my third point. The third point is that the provision calls in the first place for concurrent legislative action, that is, of both the House and the Senate. It is true it provides an alternative means, but the Constitution says as clearly as anything can be said that any resolution or other action requiring the concurrence of both Houses is subject to Presidential veto, and if the bill does not provide for presentation to the President it is a nullity. Those are the three reasons I oppose it.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank my colleague for yielding.

In this particular instance, since the committee of jurisdiction to consider the legislative veto would be the Committee on Government Operations, I have no fear that if the chairman of the committee encountered the same type of intransigence on the part of the Secretary of the Treasury that he did in the case of the earlier Secretary, there would be an expedited hearing on the legislative veto, and I predict that it would be reported out without fail. The gentleman from Texas opposes all legislative vetoes, but he has been willing to exercise them at least in the case of Government reorganization plans before his committee.

Mr. ECKHARDT. If I may reclaim my time, at the very least this requires the ultimate agreement of the other body either by specifically joining in a concurrent resolution or by withholding any action. I submit either of those processes required the concurrence of both bodies. You cannot do this without submitting it for Presidential veto.

□ 1710

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, I do so because one of the main functions of the Committee on Government Operations is oversight and I believe that the rulemaking power has proven to be misused time and time again. I agree with my colleague from Georgia (Mr. LEVITAS) that the chairman of this committee does accept that oversight responsibility with great care. I am convinced he would not neglect the responsibility to review the rulemaking power granted under this bill and therefore I think the Congress should have the power to review the rules and regulations authority; 45 days, I think, is adequate time to consider this authority. I believe it is a responsibility of the Congress as a whole, one which it should assume unto itself.

Mr. Chairman, time and time again we complain about rules and regulations that are imposed by agencies that we thought were not intended, and I believe that the gentleman from Georgia (Mr. LEVITAS) as a member of the committee, has properly made it a responsibility of the executive branch to return to Congress for review of these rules and regulations.

Now, Mr. Chairman, that does not mean that the committee must go through every single rule and regulation. If the chairman would prefer that, I know that he has adequate staff and other members of his committee can assist. The Government Operations has an oversight subcommittee in which I know the gentleman takes great interest and I believe it is a responsibility this Congress should accept.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague from Iowa.

Mr. GRASSLEY. I agree with my colleague from California and I thank the gentleman for yielding.

The bottom line is that the people of this country hold us responsible for these regulations written by the nonelected bureaucrats which regulations have the same force and effect on their lives as laws that we pass. Consequently if I am going to have that burden of responsibility, I want to have something to say about the regulations. I believe the Congress should assume that responsibility.

Mr. ROUSSELOT. I appreciate the gentleman's comment. I know the gentleman has been one of those who has worked to make sure that the Congress does reassume that responsibility, because the written rules and regulations have the power of law, as has already been described by our colleague from Georgia (Mr. LEVITAS). There are very substantial powers given to the Secretary under this bill and I believe that they should be reviewed.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the distinguished gentleman, the chairman of the committee, who, I agree with my colleague from Georgia, does an excellent job of oversight, and I am sure he would really enjoy this responsibility.

Mr. BROOKS. I appreciate the confidence the gentleman has in me and in the Government Operations Committee and its staff, but, "Henry, he don't want that ball."

Mr. ROUSSELOT. The gentleman may not want it but the House may just give it to him anyway.

Mr. BROOKS. Mr. Chairman, I think it is very unlikely that any committee in this Congress or all the committees put together are going to read every regulation that is issued. We would have to hire an army of lawyers and accountants to read all the regulations, and I would not want to add that many people to the payroll of the Committee on Government Operations.

Mr. ROUSSELOT. Mr. Chairman, I believe my colleague has done an excellent job of oversight in many areas and I do not believe he would neglect this responsibility and I think other members of the committee would be willing to join the chairman so the responsibility would not be on the chairman's shoulders alone.

It would be the whole committee and eventually the whole House. That is one of the purposes of the Committee on Government Operations, to give oversight to legislation such as this. The gentleman has helped create it so I am sure the gentleman would want to watch this progress under the rulemaking authority.

Mr. BROOKS. Will the gentleman yield?

Mr. ROUSSELOT. Certainly.

Mr. BROOKS. Right now, any committee can do that.

Mr. ROUSSELOT. But they do not always follow through when improper rules are written.

Mr. BROOKS. But they can. When there is a justified case the Committee on Government Operations does. The legislative committees have the same responsibility.

Mr. ROUSSELOT. As the gentleman knows, many times these agencies assume unto themselves in their rulemaking power, authorities that were never intended in the original legislation. I think it is in that area that we are concerned.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. VOLKMER and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for 3 additional minutes.)

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield.

Mr. VOLKMER. I, too, want to join the gentleman from California in his support of this amendment, and commend the gentleman from Georgia, again, for asking the House to exercise its responsibility over the bureaucracy and over rulemaking authority.

Mr. Chairman, I would like to mention, while we have been here we have basically seen this same thing operate on numerous occasions where there have been rules or regulations made by the bureaucracy which were beyond the intent of the Congress and that the Congress has had to take action upon.

Mr. Chairman, this would specifically let the bureaucracy know that in this piece of legislation, on these programs, that when they do provide the regulations for the operation of the programs, whether it be for provisions for disbursing funds or for regulating municipalities on how to use the funds, that any Member of Congress, as those are being drafted, as they are being implemented, whether they are brought to their attention by the Member's staff—which I doubt, but it could be—but I think it would be more by the municipalities that are involved.

Mr. ROUSSELOT. I think the gentleman makes an excellent point.

Mr. VOLKMER. And that those municipalities then say, if it is in my community they would say, "Hey, Harold, look at this thing, did you all really intend to do that?"

I would say, "No, I do not think we intended that, I do not think Jack Brooks or anyone else intended to do that."

Mr. Chairman, I can then put in a resolution and try to bring it to the attention of everybody to do that without having to go through the regular process of making a law in order to change what that bureaucrat has done.

Mr. ROUSSELOT. Mr. Chairman, I think the gentleman has made a positive contribution.

Additionally, I think, it would put a sense of caution in the minds of the bureaucrats who write these regulations. If they knew they had to submit them to Congress even for 45 days, they would exercise greater care and judgment in what they do and examine how far beyond the law they really want to go in their rulemaking powers.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the author of the amendment.

Mr. LEVITAS. Mr. Chairman, I commend the gentleman for his statement and I agree completely with him. Having oversight without a legislative veto at the end is like having a revolver without any bullets. If you want to get something done you have to have the sanction to enforce what you do.

If the Secretary of the Treasury will thumb his nose at the gentleman from Texas (Mr. BROOKS), he will thumb his nose at anybody, time and time again, unless we have the means and the ability to do something about it with congressional legislative review.

Mr. ROUSSELOT. I appreciate the gentleman's comment. I am glad the gentleman offered the amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Georgia (Mr. LEVITAS).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. RODINO

Mr. RODINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RODINO: Page 64, line 12, insert immediately before the period the following: ", except that, if the national rate of unemployment for the first quarter of such fiscal year (as determined by the Secretary of Labor and reported to the Secretary) exceeds 5 percent, then the amount authorized to be appropriated for such purpose for such fiscal year shall be $200,000,000".

Mr. RODINO. Mr. Chairman, I rise to offer an amendment to restore $50 million to title V of H.R. 5980, the targeted fiscal assistance program. The Senate agreed last year by a 3-to-1 margin to fund this program in fiscal year 1980 at a level of $340 million. The House Government Operations Committee voted to authorize $250 million for this important program.

On a late Friday afternoon, however, just before Christmas, with close to 100 Members absent, the House narrowly voted to reduce the funding for this modest program to $150 million. That action, if upheld, would, in my judgment, gut this small but extremely important attempt to provide much-needed assistance to the most fiscally stressed counties, cities and towns in our Nation.

So, I'm urging the House to increase the level of authorization for this program to $200 million, from $150 million, since the Nation's unemployment rate exceeded 5 percent—in fact, was 5.9 percent—in the first quarter of this fiscal year.

During the last recession, the deepest recession in the United States since the 1940's, many urban and rural communities experienced severe fiscal problems. The recession weakened their revenue bases at a time when there was a significant rise in their unemployment and service costs. Many local governments experienced serious budget deficits and some were on the brink of insolvency.

In 1976, the Congress responded to this severe and difficult situation by enacting the antirecession fiscal assistance program to provide emergency aid to distressed States and local governments. In 1977, the Congress extended this program together with additional funds. The antirecession program provided slightly more than $3 billion to an average of 18,000 State and local governments.

About 50,000 jobs were created for every billion dollars spent under the program. On the basis of this past record, the Treasury Department estimates that the $200 million under targeted fiscal assistance would create or save about 10,000 jobs.

Most local officials believe strongly that these expenditures were very helpful in avoiding tax increases at the local level that would have adversely affected strained household budgets. This program also helped to provide the financing for large numbers of essential local public employees, who deliver vital public services such as police, fire, and sanitation.

In 1977, the Senate Subcommittee on Intergovernmental Relations conducted a study on the creation of jobs under this program and documented numerous examples of the program's positive effects on local communities. In Columbus, Ga., 72 jobs were saved in the school system. In Detroit, with unemployment at 14 percent, 450 police officers were called back to work after a layoff, 17 emergency medical technicians, 37 firefighters and others also were recalled. In Rockford, Ill., with unemployment at 10 percent, 38 jobs in the police and fire departments were saved because of this program.

I introduced a bill to restore this program in January 1979. Ninety-six of my colleagues joined in sponsoring this measure and the Carter administration sponsored a similar proposal in March. The administration's proposal included targeted fiscal assistance—a program designed to bridge the gap between the end of the antirecession fiscal assistance program, which was suddenly canceled in October 1978, and the revised version of general revenue sharing that is now proposed by the President.

The administration's proposal would target the local shares of GRS to respond to the problems of fiscally stressed State and local governments. Although that will provide improved targeting to aid fiscally stressed cities, these localities need help now.

The Treasury Department has indicated to me that, although there has

been improvement in numerous areas during the recent recovery, a large number of governments are still in a serious state of fiscal stress.

Their local tax rates are at legal or economic limits. Despite efforts to cut their budgets, these governments are experiencing inflationary pressures which are driving local expenditures higher. Additional research has demonstrated that this same combination of stagnant revenues and inflation-driven expenditures also is afflicting many rural governments.

Let me discuss, Mr. Chairman, the difficult position from which many of our Nation's communities must face the prospect of the next recession. We are told by many economists and indeed, the administration, that we are likely to experience a recession in 1980. Some economists believe that it may be relatively severe.

The point I want to emphasize is that many of our counties and cities have remained far behind during the previous recovery. They have been unduly burdened throughout the entire economic cycle. These will be especially hard-hit by yet another recession.

Many of these localities are still suffering from the last recession with unemployment rates of 8, 9, and even above 10 percent. The people who live in these cities, who work in the steel mills, in the automobile plants, and in other industries are most subject to the cold wind of recession.

These people hear talk from Washington about recession and increasing rates of unemployment and they know that it is their jobs that will be lost, their livelihoods that will be jeopardized, their hopes and dreams that will go up in smoke.

These people living in the hardest-hit communities of America are the people whom this legislation attempts to help. Several of these endangered cities have already taken drastic steps cutting off essential services. Let me illustrate:

In my own city of Newark, last June 450 employees were laid off in the immediate wake of the countercyclical aid program's termination, including 200 police officers. For 1980, Newark now proposes to raise taxes by increasing the property tax rate from $9.36 per $100 of assessed value to $9.99 per $100. This measure has yet to clear the city council. If the tax increase is not passed, substantial additional layoffs will be required. Even with the increase under consideration, a painful step in itself for the city, cuts are projected in health and recreation. Moreover, additional revenue measures will be required.

Detroit, with a work force of 23,000 employees, laid off 907 employees on October 1, 1979; 400 of thoes layoffs were police. The situation is still critical in Detroit. There will be a second layoff before the end of the present fiscal year. Detroit faces a $60 million budget gap in June of 1980, out of a $1 billion budget. This would be the biggest deficit Detroit has ever run. If there is no change in Federal or State legislation, that $60 million deficit could run as high as $100 million. At one time the city's police force had 5,000 members and there were 1,700 firefighters. Now the police force has been reduced to 4,000 and firefighters to 1,200. Other services have been cut substantially as well.

Last June, the city of New Orleans had to enact three new revenue measures that equaled approximately 15 percent of its 1979 budget. A version of that package raised $13 million in 1979. Yet, for 1980, the projected situation is far worse. Layoffs of approximately 500 employees are scheduled for 1980. Additional revenues must be raised through increased fees and permits. A freeze on hiring is anticipated to close the projected budget gap through attrition.

Pittsburgh was forced to increase both its city income tax and its property tax last June. That did not turn out to be enough. On January 1, 1980, Pittsburgh had to increase its property tax by about 20 percent. This increase was required because other revenues have not kept up with inflation in Pittsburgh.

Harsh, unavoidable actions by these and other economically distressed areas become necessary as the recession deepens. That is why we should approve this extremely important measure which will provide immediate assistance to the most distressed communities and standby antirecession protection later in the year for a larger group of State and local governments. The importance of targeted assistance—and of this amendment—is heightened by the fact that under this bill the first antirecession payments would not be distributed until October. I want to emphasize the special role the targeted assistance program will play in the interim.

This aid could be distributed by April when most economic forecasters indicate that we will be in the middle of a recession. The timing of this payment, therefore, is crucial. The 3,000 most distressed communities of the 39,000 in our Nation, would be able to receive $200 million under my amendment just before the crunch is expected to hit.

This program is timed so that it will target assistance to those areas hit first and hardest. Then, later in the year, as State and local governments begin to feel the effects of the recession, they will join the list of governments eligible to receive countercyclical or antirecession aid. Also, Mr. Chairman, I want to remind my fellow Members that although the distinguished chairman of the Government Operations Committee, Mr. BROOKS, supported a reduction in the size of this program from $250 million, he indicated on the floor that he approved of the $200 million figure.

He indicated on the House floor on December 14, that he, and I quote, "thought, very candidly, that we should have raised it to maybe $200 million in the committee and then gone to conference with $200 million."

Mr. Chairman, this program is well structured, well timed, and well targeted: 71 percent of the funds go to local governments with unemployment rates of 7.1 percent or greater. The Treasury Department has been tracking the problems of a number of seriously fiscally stressed cities.

In conclusion, Mr. Chairman, let me urge my fellow Members to endorse and vote for this vitally important program, but to do so at a level that is meaningful. Therefore, I ask your support to set the level of funding for targeted fiscal assistance at $200 million.

□ 1720

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has expired.

(At the request of Mr. HORTON, and by unanimous consent, Mr. RODINO was allowed to proceed for 3 additional minutes.)

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New York.

Mr. HORTON. Mr. Chairman, I thank the gentleman for yielding.

I just want to add my support to the amendment that the gentleman is offering. I think the gentleman has said it very well. There are units of government in this country that are very hard hit as a result of recession and that need this money very badly. The $150 million, it seems to me, is too low.

I was on the floor managing the bill when the bill came up in December. As the gentleman said, we did not have a lot of Members here. It was on a Friday and many of the Members had gone home. It was just before Christmas and a lot of the Members did not have an opportunity to vote on it. Unfortunately, that amendment carried.

It seems to me it cut too severely the amount that is to be distributed. That is a one-shot distribution. There are some 2,000 units of local government that are hard hit as a result of unemployment and as a result there is a need for additional funds in order for those municipalities to operate and to relieve their taxpayers as far as taxes are concerned; so it seems to me that what the gentleman is doing here is offering an amendment which brings it up to $200 million, which it seems to me is a better figure and closer to the amount of money that is needed to attempt to solve these problems. When you are dividing that up in a formula among 2,000 units of government, it is not an awful lot of money.

I would like to urge support of the House in the committee for the gentleman's amendment and I thank him for bringing it to our attention.

(At the request of Mr. CHARLES H. WILSON of California and by unanimous consent, Mr. RODINO was allowed to proceed for an additional 3 minutes.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I would like to support the gentleman in his amendment. I wonder if the gentleman can tell us what this does for California or Los Angeles County in particular?

Mr. RODINO. I do not have the printout here and it is best presented there.

Mr. CHARLES H. WILSON of Cali-

fornia. It is intended to assist some of our larger cities and communities?

Mr. RODINO. Yes; it is. I would say, generally speaking, of course, one has to recognize that this is targeted fiscal assistance to those areas that are the most distressed areas.

Mr. CHARLES H. WILSON of California. I do have one question, however, that will affect how I vote.

Now, section 503 of the bill requires that the Secretary of the Treasury receive an assurance that the unit of local government will spend amounts received under this title only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

I would like to know if this, in the gentleman's opinion, the bill including the gentleman's amendment, prohibits the local government from spending this targeted assistance on programs that the local government has expressly forbid itself from spending money on; that is, the statement of assurance pertains to programs as well as administrative prohibitions the local government places on itself.

Now, more specifically, if the City of Los Angeles, for example, has in its charter a prohibition on using its revenues for the financing of construction or other assistance to the 1984 Olympic games, and it could not use any targeted assistance funds for this purpose; is that true?

Mr. RODINO. I would yield to the distinguished chairman of the Committee on Government Operations to reply to that specific question.

Mr. BROOKS. Mr. Chairman, I thank my distinguished chairman of the Committee on the Judiciary and say to my friend, the gentleman from California, that in the bill we have before us on page 71 in section (5), lines 1 through 5, it says:

"(5) an assurance that the unit of local government will spend amounts received under this title only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

As I understand it, that would mean they would have to spend it under their own rules and regulations.

Mr. CHARLES H. WILSON of California. If the city charter forbids the use of city funds for such a purpose as the 1984 Olympics, this money would come under that provision?

Mr. BROOKS. That would be my understanding.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I thank the gentleman.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding.

I want to be sure I understand correctly what we are doing with the amendment that is proposed here. This amendment would, in effect, halfway change the decision of the House or of the Committee of the Whole on December 14 or thereabouts when the authorized level of expenditure was reduced down to $150 million?

Mr. RODINO. Insofar as the amount is concerned, there would be that increase of $50 million.

Mr. KINDNESS. The contingency upon which it is based is a historic fact, is it not?

Mr. RODINO. The national rate of unemployment being 5 percent.

Mr. KINDNESS. Right.

Mr. RODINO. And more, and we know that in this first fiscal quarter it has been 5.9 percent, that everything else is status quo.

☐ 1730

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has expired.

(On request of Mr. KINDNESS, and by unanimous consent, Mr. RODINO was allowed to proceed for 2 additional minutes.)

Mr. KINDNESS. Mr. Chairman, if the gentleman will yield further, I would point out that I did not raise a point of order with respect to the amendment because I understood the skids were appropriately lubricated. But I would point out that this is strictly a matter of reversing something that has already been decided upon by the House or by the Committee of the Whole, and the appropriate figure is $150 million.

I find it rather unusual to see this procedure employed to turn around a decision of the House or of the Committee of the Whole.

If the gentleman's amendment is not successful, I would ask, would the gentleman from New Jersey (Mr. RODINO) then be inclined to ask for a record vote or a separate vote on the original amendment when the committee rises and reports the bill back to the House?

Mr. RODINO. Mr. Chairman, I have not reached such a judgment. I have not even thought of that.

I am hopeful that the House of Representatives, in its wisdom will adopt this amendment. I think it is reasonable. I would like to point out that 71 percent of that $200 million would go to municipalities that are hard hit. These are the communities that are the hardest hit and that now have an unemployment rate of 7.1 percent overall.

Mr. Chairman, I think if we are going to do something meaningful, we should adopt this amendment. I do not know whether the gentleman supported the $150 million figure, but I would assume that we would reach out and understand that $50 million would go a long way toward assuring some of the municipalities, those that are really hard hit, that our targeted assistance would reach them. I am sure that our assistance would indeed be helpful.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield for another question?

Mr. RODINO. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I will ask the gentleman, Is it correct that in New Jersey and in the gentleman's home city local government is subject to a spending limitation of 5 percent of some figure?

Mr. RODINO. That is true.

Mr. KINDNESS. Is that not a part of the problem we are seeking to solve in the House?

Mr. RODINO. That is only part of the problem. Part of the problem is that in my district, in the city of Newark where I reside, 60 percent of the real estate is tax exempt.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has again expired.

(On request of Mr. KINDNESS, and by unanimous consent, Mr. RODINO was allowed to proceed for 1 additional minute.)

Mr. RODINO. Mr. Chairman, if I may continue, we have already been straining insofar as the ratables are concerned to try to bring in enough funding to keep the city's services at an acceptable level, and the city council presently has under consideration another substantial increase in the tax rate.

Removing the cap is not going to make a difference at all. The problem is the fact that we have not recovered from the last recession. We are hard hit. We have had to lay off almost 400 police, firemen, and other employees.

Mr. Chairman, this is not the case only in this particular city. It is the case in Detroit, in Pittsburgh, in New Orleans, and in a lot of rural communities.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has again expired.

(On request of Mr. BIAGGI, and by unanimous consent, Mr. RODINO was allowed to proceed for 3 additional minutes.)

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I rise in full support of the amendment. Passage of this amendment is absolutely essential if we are to at least partially recoup the damage this House did to the original H.R. 5980 when it slashed the level of countercyclical funding from $250 to $150 million.

As this Nation begins the 1980's we find some of the chronic problems of the 1970's still with us not the least of which is the fiscal plight confronting many of our major cities. When the House considered the original H.R. 5980, the bill was already the product of extensive compromise. Let us not overlook the fact that all we are trying to do is extend a program which has in fact a proven track record of providing urgently needed aid to hard pressed cities.

Let me get somewhat parochial for the moment. Title II of H.R. 5980 to which the Rodino amendment is attached is of critical importance to the future financial life of New York City. Mayor Koch recently submitted his budget for fiscal year 1981, and it features the achievement of a balanced budget—1 full year ahead of the required Federal mandate as contained in the 1978 loan guarantee legislation.

In human terms the achievement of a

balanced budget has not come easy. There has been a massive reduction in the labor force in the city and new local taxes will have to be levied on citizens. Yet the city is committed to a balanced budget as a means of returning unconditionally to the private credit market.

An essential element in the city's fight to restore fiscal solvency is Federal and State assistance. The fact is enactment of the countercyclical bill in its original form could provide the city with some $40 million in assistance. The amount with a $150 million base level obviously is considerably less thus making the case for enactment of the Rodino amendment absolutely vital. It has been estimated that this increase could result in an additional $466,000 in Federal money flowing right into my congressional district.

New York City like other financially strapped municipalities is not exclusively responsible for its own problems. Certain Federal policies combined with the uncontrollable factor of inflation are significant contributors. Countercyclical assistance was advanced as a means to help those areas in the worst shape. It is an emergency program and should be viewed in that context.

The Rodino amendment is modest but essential. It is possible that the areas eligible for assistance today may in fact pull themselves out of their present recession. If so, then the need to extend this legislation will diminish. As the old cliche goes an ounce of prevention is worth a pound of cure. Let us view the Rodino amendment and H.R. 5980 as the ounce of prevention.

Mr. Chairman, I congratulate the gentleman from New Jersey (Mr. RODINO) for offering this amendment.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has again expired.

(On request of Mr. WALKER, and by unanimous consent, Mr. RODINO was allowed to proceed for 3 additional minutes.)

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, would the gentleman confirm this for me: By this amendment we are really talking about authorizing an extra $50 million, are we not?

Mr. RODINO. That is correct.

Mr. WALKER. I assume that is correct because as far as the 5-percent figure is concerned, we have not been at that figure in years. So actually we are adding $50 million.

Can the gentleman tell me what this money is going to be used for?

Mr. RODINO. Mr. Chairman, the money is going to be used in the various municipalities in an effort to try to stabilize the various governments of those various municipalities. This money would be helpful for that purpose, whether it be used to restore essential services or to avoid enormous increases in the tax rates on which some of these various municipalities are functioning.

Mr. WALKER. Mr. Chairman, I thank the gentleman for that explanation.

Mr. RODINO. Mr. Chairman, I would like to say, since this is targeted fiscal assistance, it is the intention of this program fiscal assistance—that indeed if we want to be helpful to those areas most in need, and we should do so by increasing this sum of money.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has once again expired.

(On request of Mr. BROWN of Ohio, and by unanimous consent, Mr. RODINO was allowed to proceed for 3 additional minutes.)

Mr. WALKER. Mr. Chairman, will the gentleman yield further?

Mr. RODINO. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I will ask, is the gentleman saying that it is limited to those categories he mentioned? Is it not a fact that this money can be used for literally anything in these communities?

Mr. RODINO. Mr. Chairman, I believe the gentleman from Texas (Mr. BROOKS), the distinguished chairman of the Committee on Government Operations, recited the fact that these moneys, once they go to the municipalities, may be used to be helpful in whatever category they see fit to use them. However, I am sure that those communities that are distressed, are going to guarantee that that money is used to keep essential services operating.

Recognizing the fact that we may be in the midst of a recession, according to the economists, and that this recession may be even more severe by about April, when this money might be distributed, this targeted fiscal assistance would substantially lessen the burden these communities would have to bear.

Mr. WALKER. Mr. Chairman, I thank the gentleman for that explanation, but the problem I have with that is that we have recently had a program passed here in the House for heating assistance, and a lot of taxpayers are disturbed about that because we had the same kind of arguments from the floor on that issue. We knew that the money can be used for any purpose, but we were assured that it would be used in the right way.

We are talking here about using $50 million, and we are assured that the $50 million will be used in the right way.

Mr. Chairman, there is no certainty about that. Will the gentleman admit that?

Mr. RODINO. Mr. Chairman, that is the case with the $150 million as well.

My argument is based on the fact that local governments are in critical situations, and their communities are looking to us for assistance. The people in these communities are hurt by these situations, and without this kind of assistance they are going to have to strain and go beyond even their economic ability to sustain themselves.

Mr. WALKER. Mr. Chairman, if the gentleman will yield further, I thank him for that explanation.

It still occurs to me, though, that it is a rather weak argument to say that if we authorize $150 million and it can be abused, what we ought to do is add another $50 million to it.

Mr. RODINO. Mr. Chairman, I am saying that if we authorize $150 million—and that is what the House did on December 14—it is not going to do the kind of job that is intended by the legislation.

The $200 million is necessary, and it is a reasonable compromise between what the gentleman's committee supported when it voted for a $250 million targeted fiscal assistance program and the present provision, recognizing the need to bridge the gap between the time when that money would be distributed and the time when the so-called countercyclical funds might be distributed in the event of a recession.

Mr. WALKER. Mr. Chairman, I thank the gentleman for his explanation.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. RODINO) has again expired.

(On request of Mr. BROWN of Ohio, and by unanimous consent, Mr. RODINO was allowed to proceed for 3 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, I am a great admirer of the gentleman in the well, in particular because he is a distinguished lawyer and I am not. I recognize that as a profession of some precision, at least in terms of the observance of the law when it is well written.

□ 1740

What I am concerned about is the imprecision, as an economist, in the law as it is written now with reference to the distribution of funds which the gentleman seeks to impact by his amendment.

It is my understanding that the money in TFA is distributed on three tests. One is unemployment in excess of the national average. For SMSA's that unemployment would be 6 percent. For non-SMSA's it would be 6.1 percent. Then that the local entity must not have a per capita income in excess of 130 percent of the national average. And, finally, that it must have a growth rate in real wages and salaries lower than 150 percent.

The thing that concerns me in that most of all is the use of 6 percent and 6.1 percent statistics for local communities, because as a member of the Joint Economic Committee I am told repeatedly by the people who come up to give us the monthly unemployment statistics that below the State average—and in some small States, not even there—we do not have a precise figure, that that may be off by 3 or 4 points, that is, tenths of a percent, because the data is gathered the same way Lou Harris takes his poll of Presidential candidates, and that is a very small sample.

I am just asking the gentleman if he has confidence in the system on that basis. Is that precise enough for us to get down to SMSA's, even small ones, or certainly the small counties or cities?

Mr. RODINO. I must confess to the

gentleman that while he attributes to me a legal expertise, the matter he states is an attempt to interpret the economics formula in the bill. That I would have to leave with the gentleman's committee which sought a formula to best help the people in the municipalities that are most economically distressed. I cannot say whether or not that economic formula is precise enough, or whether there are other data or statistics that might be more helpful.

Mr. BROWN of Ohio. Mr. Chairman, I have to say to the gentleman that the thing that upsets me about this legislation is that in the last version of the bill two of my cities were included; in this version of the bill neither one of them is in but another one is included.

Mr. RATCHFORD. Mr. Chairman, I rise today to lend my full support to the Rodino amendment to H.R. 5980, which would raise the authorized level of tartercyclic aid program from $150 to $200 million.

I can only offer the highest praise for the work of the House leadership in bringing this important legislation, the Antirecession and Target Fiscal Assistance Act, to the floor for final consideration. As we look ahead to the remainder of 1980, with forecasts for gradually rising unemployment, and an impending recession, there are few initiatives of greater potential importance to local communities across the entire Nation. The Rodino amendment will move us a step closer to meeting our fundamental responsibilities in the face of difficult economic conditions.

Let me take a moment to illustrate what this legislation, and this amendment, can mean to distressed cities and struggling municipalities, in all regions of the Nation. In my district in Connecticut, communities throughout the Naugatuck Valleys are fighting for their very futures, attempting to maintain local services in the face of a declining tax base, and an increasingly old industrial mix. Communities such as Waterbury, Ansonia, Derby, Seymour, and Naugatuck, have faced unemployment rates in excess of 8 percent, even in the best of economic times, and now face the prospect of even greater joblessness, with little hope of relief.

A program of targeted fiscal assistance for communities such as these, which are suffering from long-term economic distress, can make an important difference for these important areas. Coupled with the countercyclical provisions of H.R. 5980 to shield the Nation from a serious recession, this targeted aid program will enable areas of high unemployment, and low per-capita income, to maintain services, and to halt the process of economic decline. The legislation before us would bring nearly $380,000 into the Fifth District of Connecticut, and the Rodino amendment would boost the area's targeted fiscal assistance to over $500,000. While these totals are not massive, they will mean the differences between jobs and services or economic disaster, for the most hard-pressed municipalities.

Mr. Speaker, I would like to express my gratitude to the distinguished chairman of the House Committee on Government Operations, Mr. BROOKS, for his continuing patience and hard work in reaching an acceptable agreement on this important legislation with the administration. I deeply hope that my colleagues in the House will recognize the importance of this response to impending recession, and long-term economic distress, and urge their full support for the Rodino amendment now before us.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at the appropriate moment, I have a substitute for the Rodino amendment, which is at the desk. I do not want to preclude my subcommittee chairman, or the chairman of the full committee, but I would reserve the right to offer that amendment.

Mr. FOUNTAIN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I must confess that it is not easy to oppose an amendment offered by the very genial and lovable chairman of the Committee on the Judiciary, with whom many of us have been associated for many years. I appreciate his motives and his efforts on behalf of his State and his district because, I might point out, Newark, in the district of the gentleman from New Jersey, would receive the largest per capita allocation of any of the 200 largest cities in the United States under the $150-million figure, the authorization figure which we now have adopted. Newark would receive $5.47 per capita. While I agree that Newark is a needy city, I believe the $150-million authorization level treats Newark and other large cities very generously.

Mr. Chairman, I rise in opposition to the amendment for a number of reasons. My reasons for opposing any increase in the $150-million authorization for the title V targeted fiscal assistance program are explained in a letter which I sent to all Members.

The gentleman from Ohio (Mr. KINDNESS) has already explained that we have just voted, prior to going home for Christmas, to cut the targeted assistance funding from $250 million to $150 million. And now, in a parliamentary maneuver designed to make it eligible for consideration, an amendment has been offered to add $50 million back to the $150 million we have already adopted.

Briefly stated, I am supporting a limited, one-year targeted assistance program as a part of a compromise that has enabled the committee to bring what I think is a responsible and meritorious antirecession bill, in the form of title IV, before this House.

I have no great enthusiasm for the targeted fiscal assistance title, I must confess; but I think the compromise, the overall compromise, justifies supporting a $150-million program. However, targeted fiscal assistance is not a suitable or satisfactory method for helping declining or stagnant communities.

I believe needy governments can be helped more effectively by programs that promote economic development and private-sector jobs, rather than by making these governments more dependent—and permanently so—on the Federal Government for police, fire, sanitation, and other ordinary local services. To make matters worse, we simply do not have satisfactory data for distinguishing between local governments that are fiscally needy, and those that are not.

I should point out, however, that the targeted assistance title before the House is a considerable improvement over the bill sent up by the administration and passed by the other body. It is a superior bill because it uses the available data more rationally to identify governments that have not participated to a substantial degree in the Nation's economic growth in recent years.

On the other hand, targeted assistance does rely heavily on poor-quality unemployment rates for determining local government allocations. Consequently, no one can vouch for the fairness of the resulting distribution.

I strongly oppose increasing the present $150 million authorization for two good reasons:

The title competes with the far-more important anti-recession assistance program for a limited pot of money; and second, the $150-million authorization would provide ample assistance to the large, urban centers which it is intended to help.

The gentleman from New Jersey made a very pertinent observation when he said that economists are predicting a recession this year. Just today the House Budget Committee has forecast three recessionary quarters this year. And, for that reason, I think it is more important that we have adequate funds available under the antirecession portion of the bill.

Addressing the last point first, the $150 million will give New York City $28.1 million, which is equal to 18.7 percent of the national total.

☐ 1750

Los Angeles City and County will receive $10.6 million; Detroit, $4.2 million; Philadelphia, $4.1 million; Chicago, $3.9 million; Boston, $2.1 million; the District of Columbia, $2 million; Baltimore, $1.9 million; and Newark $1.9 million. And so on down the list.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. FOUNTAIN) has expired.

(At the request of Mr. WYLIE and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 3 additional minutes.)

Mr. FOUNTAIN. These sums are very generous supplements to the large revenue-sharing allocations which these governments are already receiving.

I am not aware of any good justification for increasing them. The subcommittee is going to take up the revenue-sharing bill soon for extension beyond September, I hope.

Now, with respect to the fact that the two programs compete for the $525 million in the budget for both purposes, I pointed out in my "Dear Colleague" letter that any amount authorized for targeted assistance will take money that would otherwise be available for antirecession assistance. That statement was based on the latest economic forecast

available when I wrote my letter. It is subject to only minor qualification today.

The new Congressional Budget Office economic forecast—which we received just today—projects three recession quarters in fiscal 1980, starting this month. These three quarters would trigger antirecession assistance allocations of $195 million, $300 million, and $360 million, respectively.

The January and April quarters combined would trigger $495 million in antirecession payments, which could be charged against the $525 million budget authority for 1980. While these quarterly allocations, which must be paid within 120 days of June 30, might or might not be distributed as outlays before October 1, depending on how quickly the Commerce Department provides the necessary data, both the final data for the January quarter and the preliminary estimates for the April quarter will be available in ample time for the Appropriations Committee to act on an appropriation in fiscal 1980 for the anticipated payments.

A "Dear Colleague" letter has been distributed alleging that I provided erroneous information to the Members. That allegation is untrue. The gentleman from Connecticut, the distinguished chairman of the Committee on the Budget, advised me by letter of January 24, that, and I quote:

> Any amounts triggered by the title IV formula in fiscal year 1980 would constitute an obligation against fiscal year 1980 budget authority.

That statement is very clear. I think it is to the point. The gentleman from Connecticut then wrote me a second letter, reaffirming that the aforementioned statement is true, but is premised on two conditions; namely, that the antirecession formula would be triggered in sufficient time to become effective in fiscal 1980, and that there would be a fiscal 1980 appropriations bill.

Both of these conditions were, in fact, implicit in my questions to the chairman of the Committee on the Budget——

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. FOUNTAIN) has again expired.

(By unanimous consent, Mr. FOUNTAIN was allowed to proceed for 2 additional minutes.)

Mr. FOUNTAIN. As I stated earlier, these conditions could be met.

However, I view this clarification as useful in making explicit the conditions under which the money triggered by the title IV section of the bill would be charged against the 1980 budget authority.

Under these conditions, the $360 million which the CBO forecast will be triggered in the July quarter would clearly be charged against fiscal 1981 budget authority, just as $495 million is potentially an obligation against the $525 million budgeted for fiscal 1980.

I would caution the Members not to be fooled by misleading assertions citing budget technicalities. The real issue here—and the only one—is whether we want to reserve the bulk of the $525 million in the budget to adequately fund the antirecession assistance program, or whether we want to deplete these funds by spending more than $150 million for a one-time targeted assistance payment in April.

I urge my colleagues to stick with the $150 million targeted assistance ceiling, which this committee, as has already been pointed out, voted for just before the Christmas recess, and reserve these funds for the important antirecession program, which is based upon a much more reliable formula.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

I could not agree more with the gentleman in terms of what we are doing here. If we had set out to identify a number of communities or local governmental communities throughout the country that have severe problems that give rise to a certain amount of pressures, political or otherwise, for help from the Federal Government, and then said, "OK, let us find some rules that will fit these communities and bring them under the coverage of the bill," and then we found that what we did by way of a formula——

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. FOUNTAIN) has again expired.

(At the request of Mr. KINDNESS and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 3 additional minutes.)

Mr. KINDNESS. If the gentleman will yield further, if we had done that, then we said we did not hit it right, there is not enough money, I think we would have come out in just about the same place that we are right now.

I am not saying that is exactly what occurred. I do not know how this thing came into being exactly, but the fact is it looks like that is what we are trying to do when this Committee of the Whole has already acted, and decided that the level of authorized funding ought to be $150 million, then we said, "Oops, somebody is missing, somebody is not included who ought to be included. Somebody who is putting pressure on ought to be included. So we had better move the funds up another $50 million, cutting in half the reduction that was already made by the Committee of the Whole."

It does appear rather crass; it does appear as though we are doing something in a manner that really does not relate to a formula at all, and what it relates to is pressures that are being applied from certain communities, I guess. But I do not even know how to intelligently judge the value of those factors that have been put into the formula under which the $150 million are to be distributed. How can I feel trust in putting $50 million more in there?

I would ask the gentleman, for that reason, is there any basis that we can use to say why we are using the 150 percent of the national average of real wage and salary increase, for example, that is a factor in the formula, in which I still do not feel a great deal of confidence, but these are all arbitrary figures, as I understand it, and we have to draw a line someplace when we are drafting a program like this.

The Committee of the Whole has drawn an arbitrary line, if you will, at $150 million once, to make that decision.

We have a procedure in the House, as I understand it, when the Committee of the Whole has voted on something and reports back to the House, there can be a separate vote on any amendment that was adopted in the Committee of the Whole. That is not what we are doing here. We are doing something different. I do not know exactly what it is we are doing, but we are doing something.

What we are doing is reacting to pressure, some pressure that has been raised apparently since December 14, when the gentleman from North Carolina was successful with his amendment, that reduced from $250 million to $150 million the amount of targeted assistance authorized funding.

I certainly support the gentleman in the view that he has expressed in opposition to the amendment that is before the Committee at this point. There are a lot of other points I would like to express on this.

The CHAIRMAN. The time of the gentleman from North Carolina (Mr. FOUNTAIN) has again expired.

(At the request of Mr. KINDNESS and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 3 additional minutes.)

Mr. FOUNTAIN. I thank the gentleman for his observation.

May I make one other comment before the gentleman poses his question.

I think, too, we should bear in mind that the other body has authorized $340 million as the gentleman from New Jersey pointed out. As my colleagues know, we never come back from conference with the figure which we advocate over here; at least, I have not seen it happen often.

There is going to be some give and take, and I think the higher the figure on this side, the higher the figure is going to come back from conference for a program that is not needed as badly as antirecession assistance.

□ 1800

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, my concern is the same as the gentleman's about targeted fiscal assistance. I just want to make a couple of points the gentleman has already made. The gentleman mentioned the fact that New York City gets 3.75 percent of all the money that is distributed.

Mr. FOUNTAIN. 18.7 percent.

Mr. BROWN of Ohio. 18.7 percent. It is $28,101,228, as I recall.

The thing I wonder about, I heard the other day, within the last couple of days that Manhattan is the hottest real estate market in the country, that property in Manhattan now has begun to zoom in price. The thing that startles me is why we then should ask the taxpayers

in my district where, with all due respect, one can still get a pretty nice house for a very modest amount of money by comparison with New York or Washington, D.C., why we should put the money to assist that kind of a community. I already voted in favor of helping to bail out New York from its management problems and got a lot of guff in my district. I must say that I thought it was important that the city be saved. But is it important now that my district be further raided for the benefit of that city? One other city, if the gentleman can respond to that, that is in here is the city in which we all work, Washington, D.C. The cheapest house you can find, I am told, in Washington, D.C., now is really more expensive than many of the average homes in my district. Fifty thousand dollars is the average price, or was the average price last summer for a residence in Washington. As we all know, many of them are many, many times higher than that.

This is a boom town because it is in the most booming business we have in the country at the moment: Government. We set up a budget for the city of Washington that we vote separately for in this Congress. Why do we have to have the city of Washington in this to funnel more money in from our taxpayers that do not get anything?

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(At the request of Mr. BROWN of Ohio and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 3 additional minutes.)

Mr. FOUNTAIN. Mr. Chairman, I appreciate the observations and comments of the gentleman. I share some of his views in connection with the targeted fiscal assistance provision of the bill, and that is why I think that ought to be the smallest part of the bill.

But, obviously, the administration had in mind trying to provide funds for those cities and areas of the country that were in fiscal distress. The difficulty is determining who is in fiscal distress.

Mr. BROWN of Ohio. If the gentleman will yield further, that is my question.

Mr. FOUNTAIN. We found unemployment alone was just not adequate.

Mr. BROWN of Ohio. That is my question. Is it fiscal distress because of management of the city? Is it fiscal distress because of too much public employment and not enough private employment? I mean, this is one of the highest income areas in the country right now. Why then is Washington benefiting that much in this formula? There is something a little whacky about that formula, is there not?

Mr. FOUNTAIN. I think any formula we come up with is probably going to have some allocations that might raise questions. These are considerations the Members of the House are going to have to take into account when they vote on this legislation.

But I do think the antirecession portion of the bill in particular, which relates to the economic condition of every area of the country in time of recession, is more equitable than the targeted fiscal assistance part. The targeted fiscal assistance table, however, does take into account more factors than the other body's version of the bill.

Mr. BROWN of Ohio. If the gentleman will continue to yield, it must have something to do, I would submit, Mr. Chairman, particularly when we get a loan of a lot of money for the city of Washington, D.C., out of it, it must have something to do with nonproductive employment, or something of that nature. By that I mean no slur on Federal employees, but I mean nonindustrial production, not anything that is a tax creator but, rather, a tax user.

But, for the life of me, I have difficulty figuring out why we should add the kind of money that is in this on top of that situation. Why should we put more money into New York after we have already had a special program to help out New York? I have cities that would like help, too, but it seems to me in my area, at least, their emphasis is more on get the Government off our back rather than trying to get on the Government tab.

Now, is there not something a little out of whack here when we add money on top of money? These programs are all designed to help depressed areas that we voted for in other ways. Do we want, then, to add another program on top of that? Is that the objective of this targeted fiscal assistance?

Mr. FOUNTAIN. The objective of targeted fiscal assistance was expressed by the administration. I assume the administration felt that New York City still is in need of some assistance, just as some other cities.

Mr. ALBOSTA. Mr. Chairman, I move to strike the last word and rise in support of the Rodino amendment.

Mr. Chairman, I rise in strong support of the gentleman from New Jersey's amendment to H.R. 5980, antirecession and targeted fiscal assistance.

This amendment is vital if this program is to make an impact where it is needed most—in areas of this country which continue to lag behind in economic growth—and therefore, which could benefit substantially from this program.

I know what this legislation means to these parts of the country because I represent a district in Michigan which still has counties with unemployment rates of 8.1 percent, 10.5, and 11.4 percent in 1980, almost 5 years after the last recession. The payment provided for in title V of this bill and which Mr. RODINO'S amendment will increase if adopted today by this House, is extremely important to many local units of government in my district and around the country. This lump sum payment means the difference between fiscal security or fiscal crisis for many State and local governments around the country who are still recovering from the effects of the last recession, the worst economic downturn since the Great Depression.

As a county commissioner in Saginaw, Mich., I faced these very same problems, so I understand the beneficial effects H.R. 5980 will have on counties, cities, and towns throughout this country.

During the recent holiday recess, I met with city officials throughout my district to discuss issues of interest. These city officials repeatedly stressed the important role programs such as revenue sharing play. They strongly support this countercyclical legislation that will be targeted to those areas of the country that really need the help, so as to maximize our tax dollars. Unless we target these funds and provide the $200 million authorization, this program will not be as effective as it should be, and we will be fooling ourselves to think that by passing a weakened H.R. 5980, this House has squarely met the continuing economic problems being faced by local units of government around the country.

I, therefore, urge the adoption of the Rodino amendment to H.R. 5980 and the passage of this needed legislation by this House.

I would further like to commend the gentleman from Texas (Mr. BROOKS). The first time I spoke on this floor I was speaking in favor of countercyclical legislation that was being adopted in the budget, and at that time, as I recall, Mr. BROOKS was speaking against it. So I appreciate his turnaround. I think it is very important. I think it is very commendable that the man did that. And I believe that time will prove that he is right.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ALBOSTA. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding and commend him for his comments.

I would like to respond to some of the comments made. To begin with, the direction is being developed here to isolate New York City from the rest of the country. To set the record straight, there are many cities and many localities in this country that will benefit equally insofar as the largesse of this legislation is concerned.

□ 1810

I heard it stated that Manhattan has high real estate properties. To begin with, for those who are uninformed, or at least are not aware of the composition of New York City, Manhattan is one of five boroughs, and I can bring the attention of the Members to part of Manhattan where we would be happy for anyone to have the property free. It is available free. That is how disastrous the poor economic conditions in that town have developed.

Furthermore, we have areas in the city of New York where we have ghettos, and we have bad housing. But, let me tell the Members what the mayor of the city of New York has done in order to balance the budget. They have discharged some 60,000 employees and are in the process of discharging others. There is expedition on the balancing of the budget.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. BIAGGI and by unanimous consent, Mr. ALBOSTA was allowed to proceed for 2 additional minutes.)

Mr. BIAGGI. In order to expedite the

objective of balancing the budget, he has further curtailed activities, further curtailed personnel, not without deep harm imposed on many individuals who will be separated from the service. But, the real purpose of that effort and the expedition is to get back on the public credit market. Unless the city can get back on the public credit market, which is part of the whole arrangement and plan, we will be in a very poor position when the end of that loan guarantee period comes.

So, he has been commended by Senator PROXMIRE. The city is doing a great job, but we expected an appropriate amount of Federal assistance as well as State assistance. The State assistance seems to be forthcoming, and here we are seeking Federal assistance. I simply put those points forward to eliminate some of the pointed remarks that hold New York City up as a horrible example. It is a perfect example of what some constructive assistance can do.

New York City is emerging from its financial dilemma, but it requires tough action, and it is forthcoming. The mayor of the city of New York has done an heroic job in that area, and most of the Members of this House know it, so he can get back on the public credit market.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. BROWN of Ohio and by unanimous consent, Mr. ALBOSTA was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALBOSTA. I will yield in just a moment. I have something I want to say.

First of all, I want this body to know that if the rest of the Nation has got a cold, Michigan is going to have pneumonia. We have a tough time in Michigan. New York should not be pointed out and singled out separately. I have a rural district. I have the third largest congressional district east of the Mississippi River, so I do not have an urban area or city in my entire district—and I am up here fighting for this bill.

I am fighting for this amendment because I think it is right, and I think it is the only way some of my cities, as small as they may be, are going to be able to survive. So, we are either going to have to lay off those people we have hired to provide a service in small towns, or we are going to get some of this money.

Now, I will yield to the gentleman from Ohio.

(At the request of Mr. BROWN of Ohio and by unanimous consent, Mr. ALBOSTA was allowed to proceed for 3 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, let me just say to both gentlemen that I love New York. I got my wife from Manhattan, and so I attest to my affection for the City of New York. I also, as a Republican, guess that the party has demonstrated its affection for Michigan. After all, we are going there for our convention to nominate the next President.

Mr. ALBOSTA. We appreciate that.

Mr. BROWN of Ohio. But, let me say to both gentlemen that I thought we had programs—many of which I voted for and some of which I thought were ill-advised and opposed, but many of which I voted for—to try to deal with the very problems that now there is just a little bit more frosting on the cake for in this targeted fiscal assistance.

To the gentleman from New York, before he leaves the Chamber, I accept his offer. If he has any free land in New York I will take it. I have got offers from one of my colleagues from Ohio for 3 acres. The gentleman from Illinois will take 5 acres. We will take it free. If you get a modest price—as a matter of fact, if you get a price as modest as some of the land has sold for in my district, I will take that for that price.

Mr. BIAGGI. We are not talking about numbers of acres. We are talking about a few abandoned brownstone homes.

Mr. BROWN of Ohio. I will take those abandoned brownstone homes. I will tell the gentleman why, because I just visited some homes in my area that are being redone by people of modest means who will be paying the taxes on this program, and they are getting in there, helping fix them up, but they are not asking for just a little bit more money from the Federal Government.

In my area, I would say to the gentleman from Michigan, we do not benefit from these programs. We benefit from our own efforts, but unfortunately, we get the crumbs from CETA. We get the crumbs from the urban renewal projects.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. BIAGGI and by unanimous consent, Mr. ALBOSTA was allowed to proceed for 1 additional minute.)

Mr. BIAGGI. Mr. Chairman, if the gentleman will yield further so that I can set the record straight, we do not talk in terms of acres in Manhattan, as I am sure the gentleman knows. We do not talk about it in terms of acres. We talk in terms of 20-foot lots. We have abandoned brownstone houses. There is a program where one is required to apply and required to pay the taxes and rehabilitate them. If you do that, you will in fact be performing a service for our locality and the total community.

Mr. BROWN of Ohio. If the gentleman will provide me with the specifics and deeds of title, we will take care of them because we have a lot of people who would like to do things like that.

Mrs. HECKLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Rodino amendment.

Mr. Chairman, it is obvious that the political implications of this bill are being explored and exploited, and I think it is really unworthy of the debate to consider the bill in terms of New York. Now, our affection for New York or for any other community is absolutely irrelevant.

The question is, what does this bill do to address the economic problems of many areas across the country, not one specific city, no matter how intriguing it is to use in debate. I would say to my colleague, whom I respect so much, who commented on the political pressures that must be behind this bill, I would like to say that I support the Rodino amendment not because of political pressures, but because of what I perceive very, very keenly to be the very real personal problems of the people I represent.

There are many, many communities in Massachusetts and across the Nation that are trying to recover from the 1974 recession. In that recession in certain areas in my district, the unemployment rate was 11 percent, and rose as high as 14 percent. That community is trying to recover and is attracting new industry and making a major attempt to rebuild its own economic base, but as a matter of fact it would benefit very, very substantially from the Rodino amendment.

I think it is very important to look at what we anticipate in our national figures. A recession has been predicted. This bill deals with a recession, in anticipation of a downturn in the economy, anticipating differences in crises, trying to address the impact. The Rodino amendment is a very important part of that. It is trying to address what is a growing rate of unemployment in Fall River, Mass. At a time in December when the national rate of unemployment was 5.6 percent, in Fall River it was already 6.9 percent. The Rodino amendment will help communities like that one and many others across the country. I strongly support it.

Mr. BROWN of Ohio. Mr. Chairman, will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, I would just like to ask the gentlewoman if she is conscious of whether or not Massachusetts is one of those States that gets more out of this program than it puts in in the form of taxes, and the inflationary impact of the additional spending of that money.

□ 1820

Does Massachusetts get or do they put in a little bit more? I am not asking the gentlewoman about her district. I am not asking about Fall River. I am asking about where the money comes from and where it goes.

Mrs. HECKLER. I would like to suggest to the gentleman that if we all cast our votes based upon the exact allocation from any specific program just to our States and did not consider the needs of the country or the needs of other regions, we would have a hopelessly provincial Congress, and I hope that decision would not be based on that.

Mr. BROWN of Ohio. Will the gentlewoman yield?

Mrs. HECKLER. I yield to the gentleman.

Mr. BROWN of Ohio. It just occurs to me, though, that if there is a community or if there are a few communities in Massachusetts that need help and in fact the State of Massachusetts would yield up more money to the Federal Government than it gets back, Massachusetts might be a lot brighter if they would take care of that problem with a

State program. It would save a lot of money. It would save all the inflation that we have. What Massachusetts does to assist its own citizens does not cost us inflation, which has eaten this country up and which is making people turn against not only local government but I think ultimately perhaps against the Federal Government—of course not in the gentlewoman's district.

Mrs. HECKLER. Since I know the gentleman was educated in Massachusetts, I wonder if he knows what he is saying when he says that Massachusetts has to become brighter.

Mr. BROWN of Ohio. I love Massachusetts.

Mrs. HECKLER. As a matter of fact, trying to get a quid pro quo from every bill before this Congress would be an irrational method of legislating. We have to look at our national problems and the national agenda. The recession has to be one of the gravest concerns not only for Massachusetts but for every State and urban area that would be impacted. I feel this bill and the Rodino amendment are a very rational response.

Mr. BROWN of Ohio. Will the gentlewoman yield one more time?

Mrs. HECKLER. I yield to the gentleman.

Mr. BROWN of Ohio. The gentlewoman and I served together on the Joint Economic Committee. Would we not be better off to follow the advice of that committee and just simply cut the taxes for these people in Massachusetts?

Mrs. HECKLER. To respond to the gentleman, I would like to say this. We have not even been able to secure a windfall profit tax from the conference. Promising taxes is not an immediate answer. This bill is an answer. I also would support an answer in taxation.

Mr. ROSENTHAL. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 6:30.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. I object.

The CHAIRMAN. Objection is heard.

Mr. KINDNESS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, understanding that we are about to rise at 6:30, as I understand it, I think it is important that I not try the patience of the Committee to any great extent. But I think a couple of things have run through the debate on this amendment that are most disturbing to me. It concerns me greatly that we are losing sight of what is purportedly the main purpose of the bill—countercyclical fiscal assistance. We are supposed to be trying to do something to help local governments and State governments that are adversely affected by recessional circumstances. That is what the main purpose of the bill is, and then this targeted fiscal assistance is targeted, it is aimed. We know where it is going in advance, supposedly at least in general terms. We are wasting so much time on targeted fiscal assistance, and this amendment to increase the amount again when the Committee of the Whole has already voted to reduce it, is a waste of time. The whole thing is a waste of time.

I think we have heard some of the most interesting arguments in support of the Rodino amendment, but they all tend to say that the countercyclical assistance, which is the primary purpose of this bill, is a good thing. And then they say the targeted fiscal assistance is an even "gooder" thing if it happens to affect something in "my district."

This is not a matter of localism or parochialism, but if you look at it realistically, as our colleague, the gentleman from Ohio (Mr. BROWN) pointed out, Puerto Rico will receive more money than 33 of our States. Those States are listed in his "Dear Colleague" letter of January 28, and one of them may be your State. You had better take a look, by the way, to see if that is the case. It is not a parochial approach in arguing for or against this amendment that is disturbing to us. The whole targeted fiscal assistance portion of this bill is a parochial matter. Let us face it. That is how this started out. That is what this is all about.

The other side of that parochialism is that there are a lot of people out there who are very mad. They are very angry about the level of taxation that Uncle Sam is extorting—and that is just what it has gotten to be. It is an extortion. The cost of Government has risen more rapidly in the last 3 calendar years than anything else in our economy. People are mad about that. It is up to this Congress to do something about it, and we are not doing anything about it. No, instead we are considering measure after measure like this to take the taxpayers' money and redistribute it, adding to their burden, adding to the deficit, adding to the national debt. It is ridiculous.

Fifty million dollars is not a great big figure, but if we take enough $50 million amounts around here, it is ridiculous. When are we going to wake up and realize what people are saying out there in America? They are saying, "Get down to business, and your business in the Congress is to be more responsible with our money."

Now is a good time to be more responsible. This Committee of the Whole has already decided once to reduce the amount of money in the targeted fiscal assistance portion of this bill. It is time to reaffirm that decision. No matter what the parliamentary tricks employed may be, no matter what the grand sounding reasons for this amendment may be, it is time to be sensible and responsible and say, no, and then our taxpayers all over this country can breathe one little bitty sigh of relief. I ask that we defeat the amendment.

Mr. GREEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Jersey (Mr. RODINO). When this bill first came to the floor last month, it contained $250 million for targeted fiscal assistance. The bill was then changed so that it now contains only $150 million. Earlier in this Congress the Senate approved its bill with $340 million by a 3-to-1 margin. The amendment now pending would increase the House figure to $200 million. This amendment is greatly needed and I urge my colleagues to support it. As many of the Members know, since the floor action last month, I have been speaking privately with a number of our colleagues, especially those on my side of the aisle, and I am hopeful that they will recognize the national importance of this amendment and will lend support to it and to this bill on final passage.

Many nationally respected economists are predicting an economic recession during the first half of this year. In testimony before the Joint Economic Committee the Secretary of the Treasury warned that "the New England, Middle Atlantic, and East North Central regions are expected to bear the brunt" of a recession. Many of the communities which are likely to be hardest hit by the economic downturn have not yet fully recovered from the 1974–75 recession. These governments continue to face the difficult task of providing needed social services from the diminished tax base of a stagnant or declining economy. In my own city we have had to face the unpleasant reality of reductions in many basic government services.

Many congressional districts which are facing severe economic burdens would benefit significantly from adoption of the Rodino amendment. The district which I represent would receive an additional $463,291, giving it a total of $1,910,382 (according to estimates by the Treasury Department). Adoption of the Rodino amendment would mean the total targeted fiscal assistance for New York State would increase from about $34 million to $45,371,166.

It is well known that that antirecession legislation has received some criticism in this Chamber in the past. I want to compliment the Government Operations Committee and Chairman BROOKS and Mr. HORTON for striving to fashion a bill which would satisfy the diverse interests represented in this body. H.R. 5980 has been restructured to use the gross national product and its wage and salary component rather than unemployment to measure a recession. Today's legislation is reasonable and merits the support of our colleagues. It would help to prevent further cuts in essential services and increases in local property taxes in communities which have been slow to recover from the last recession and it would offer some financial insurance to local governments against the adverse effects of future downturns in our national economy.

Approval of the Rodino amendment is vital in that effort and I urge the Members of the House to vote for it and for the bill.

AMENDMENT OFFERED BY MR. BROWN OF OHIO TO THE AMENDMENT OFFERED BY MR. RODINO

Mr. BROWN of Ohio. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio to the amendment offered by Mr. RODINO: In the matter proposed to be inserted by the

gentleman from New Jersey, strike out "5 percent" and insert in lieu of thereof "7.5 percent".

Mr. BROWN of Ohio. Mr. Chairman, one of the stalwart times of this body was under the leadership of the author of the Rodino amendment a few years ago. I said to him earlier that I am, indeed, an admirer of his, and I want to suggest that I thought his leadership at that time was responsible and fair. But with respect to this amendment, I would have to say he has found something of an indirect way of accomplishing something that otherwise I think might not have been germane in view of the adoption of the Fountain amendment to the targeted fiscal assistance part of this bill when we last had the bill up for consideration (which, as I recall, was before the first of the year) because at that time the gentleman from North Carolina removed from the targeted fiscal assistance funds the amount of $100 million, and by a vote of 184 to 153 that was adopted by this body. That is where the bill stands at this moment.

The real impact of the amendment of the gentleman from New Jersey (Mr. RODINO) is merely to put another fifty million bucks in the bill at this point, the targeted fiscal assistance point. The way he does that is also fairly direct. It just says that at any time unemployment in the United States and the whole country is over 5 percent, then the funds in the bill will go up $50 million. Of course, the unemployment in this country has not been below 5.6 percent for some time. As a matter of fact, we have to go clear back to 1973 before the last recession to get unemployment below 5 percent.

□ 1830

It was 5.6 percent for 1 month in June and that is as low as it has been during this past period of what I am told by my President have been good times. We are learning to accept that we have 5 percent unemployment as good times in the United States.

Now, therefore, what the amendment intends to do, what his amendment intends to do is just simply raise the amount in the targeted fiscal assistance by $50 million. It is a grab for additional money and I must say I do not resent anybody in the Congress doing that because after all it is here to be taken and it only comes from the taxpayers or from the printing presses. That is part of what the game here is about.

Mr. Chairman, on the other hand, I am a little distressed that we have to do it on that basis. What I have suggested is a little more realistic, that we do not add the $50 million until we go to 7.5 percent unemployment and, in fact, that is the direction in which we seem to now be headed. In other words, what I am saying is, if we really get into trouble in this country maybe we should put a little money into the kitty so the cities and county of the gentleman from New Jersey (Mr. RODINO) and some of the other parts of the country who benefit from this bill will really benefit. And the city of New York, which does have some problems. I concede to that, as I told you about my interest in New York.

Mr. Chairman, what really concerns me basically about this bill is the problem that I have not been able to research quite yet but I am going to try to do it. I think some of the congressional districts who probably benefit from this bill have higher per capita incomes than the congressional district which I serve that does not benefit from this bill.

Mr. Chairman, I think therefore the difference is how the government at the local and community level is operated and I have to say it does not appeal to me as a Member of Congress that we reward with taxpayers' hard-earned money from people who work hard and save it and try to provide for their own communities at a very moderate level that they are the ones who get called upon to pay the bills for places that perhaps are less efficiently run and a little more grasping in terms of what they like to get from other taxpayers.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BROWN of Ohio was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. This is what concerns me and this is why I would like to address my amendment to the amendment of the gentleman from New Jersey (Mr. RODINO). If the gentleman really wants to have an impact on need at a time when all of us have need and at a time when perhaps even my district with their lower incomes, with their modest requests from Government, might have a need because unemployment generally is a lot higher, maybe the gentleman would be generous enough to let us not have to put in until there is a chance that we might get also some benefit from the legislation.

Mr. Chairman, I am merely asking that we raise the 5-percent trigger for targeted fiscal assistance to 7.5 percent. This is not a gutting amendment, it is not an amendment to kill targeted fiscal assistance, it is just an amendment to try to make it a little bit more fair for some of us who also have need and to get it when that real need does develop.

Mr. BROOKS. Mr. Chairman, I move to strike the last word.

After this discussion I cannot help be against this substitute. What it does, briefly, is negate the Rodino amendment. The vote is, if you are for raising this targeted fiscal assistance to $200 million from $150 million, with the hope that we can keep that in conference, then you will vote against the Brown substitute and for the Rodino amendment. If you want to keep it at $150 million and then run the risk in conference of the Senate running it up higher than that, then you can support the amendment of the gentleman from Ohio (Mr. BROWN) and vote against the Rodino amendment.

I would ask for a vote.

Mr. BROWN of Ohio. Mr. Chairman, would my distinguished and generous chairman yield?

Mr. BROOKS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. The only change I made in the Rodino amendment was to change it to 7.5 percent.

Mr. BROOKS. And that just guts it. We understand the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. So that the trigger comes in when we get a worse situation.

The CHAIRMAN. The question is on the amendment offered by Mr. BROWN of Ohio to the amendment offered by Mr. RODINO.

The question was taken; and on a division (demanded by Mr. BROWN of Ohio) there were—ayes 25, noes 36.

RECORDED VOTE

Mr. BROWN of Ohio. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 185, noes 207, not voting 42, as follows:

[Roll No. 15]

AYES—185

Abdnor	Glickman	Natcher
Andrews, N.C.	Goldwater	Neal
Andrews, N. Dak.	Goodling	Nelson
Anthony	Gradison	Nichols
Archer	Gramm	O'Brien
Atkinson	Grassley	Pashayan
Badham	Grisham	Paul
Bafalis	Gudger	Petri
Barnard	Guyer	Pickle
Bauman	Hall, Tex.	Porter
Beard, Tenn.	Hamilton	Preyer
Bennett	Hammer-schmidt	Pritchard
Bereuter	Hance	Quayle
Bethune	Hansen	Quillen
Bowen	Hefner	Railsback
Breaux	Hightower	Regula
Brinkley	Hinson	Rhodes
Broomfield	Holt	Ritter
Brown, Ohio	Hopkins	Robinson
Broyhill	Hutto	Rousselot
Buchanan	Hyde	Royer
Burgener	Ichord	Rudd
Butler	Ireland	Satterfield
Byron	Jeffries	Sawyer
Campbell	Jenkins	Schulze
Carter	Johnson, Colo.	Sebelius
Cavanaugh	Jones, Okla.	Sensenbrenner
Chappell	Kelly	Sharp
Cheney	Kemp	Shelby
Clausen	Kindness	Shumway
Cleveland	Kramer	Shuster
Clinger	Lagomarsino	Smith, Nebr.
Coleman	Latta	Snowe
Collins, Tex.	Leach, Iowa	Snyder
Conable	Lee	Solomon
Corcoran	Lent	Spence
Coughlin	Lewis	Stangeland
Courter	Livingston	Stanton
Crane, Daniel	Loeffler	Steed
Crane, Philip	Long, Md.	Stenholm
Daniel, Dan	Lott	Stockman
Daniel, R. W.	Lujan	Stump
Dannemeyer	Lungren	Synar
Deckard	McClory	Tauke
Derwinski	McCloskey	Taylor
Devine	McDonald	Thomas
Dickinson	McKay	Trible
Dornan	Madigan	Volkmer
Duncan, Tenn.	Marlenee	Walker
Edwards, Okla.	Marriott	Wampler
Emery	Martin	Watkins
English	Mattox	White
Erdahl	Mazzoli	Whitehurst
Erlenborn	Mica	Whitley
Evans, Del.	Michel	Whittaker
Findley	Miller, Ohio	Whitten
Flippo	Mollohan	Wilson, Bob
Forsythe	Montgomery	Winn
Fountain	Moore	Wylie
Frenzel	Moorhead, Calif.	Yatron
Fuqua	Myers, Ind.	Young, Alaska
Gingrich		Young, Fla.

NOES—207

Akaka	Ferraro	Murphy, N.Y.
Albosta	Fish	Murphy, Pa.
Alexander	Fisher	Murtha
Ambro	Fithian	Nedzi
Anderson, Calif.	Foley	Nolan
	Fowler	Nowak
Annunzio	Garcia	Oakar
Applegate	Gaydos	Oberstar
Ashley	Gephardt	Obey
Aspin	Giaimo	Ottinger
AuCoin	Gibbons	Panetta
Bailey	Gilman	Patten
Baldus	Ginn	Patterson
Beard, R.I.	Gonzalez	Pepper
Bedell	Gore	Perkins
Beilenson	Green	Peyser
Benjamin	Guarini	Price
Bevill	Hall, Ohio	Pursell
Biaggi	Hanley	Rahall
Bingham	Harkin	Rangel
Blanchard	Harris	Ratchford
Boggs	Harsha	Reuss
Boland	Hawkins	Richmond
Bolling	Heckler	Rinaldo
Boner	Heftel	Roberts
Bonior	Holland	Rodino
Bonker	Hollenbeck	Roe
Bouquard	Holtzman	Rosenthal
Brademas	Horton	Rostenkowski
Brodhead	Howard	Roybal
Brooks	Hubbard	Russo
Brown, Calif.	Huckaby	Sabo
Burlison	Hughes	Scheuer
Burton, John	Jacobs	Seiberling
Burton, Phillip	Johnson, Calif.	Shannon
Carney	Jones, N.C.	Simon
Chisholm	Jones, Tenn.	Skelton
Coelho	Kastenmeier	Smith, Iowa
Conte	Kazen	Solarz
Conyers	Kildee	Spellman
Corman	Kogovsek	St Germain
Cotter	Kostmayer	Stack
D'Amours	Leach, La.	Staggers
Danielson	Lederer	Stark
Daschle	Lehman	Stewart
Davis, Mich.	Leland	Stratton
Davis, S.C.	Levitas	Studds
de la Garza	Lloyd	Swift
Dellums	Long, La.	Thompson
Derrick	Lowry	Traxler
Dicks	Luken	Udall
Diggs	Lundine	Van Deerlin
Dingell	McCormack	Vander Jagt
Dixon	McDade	Vento
Dodd	McHugh	Walgren
Donnelly	McKinney	Waxman
Dougherty	Maguire	Weaver
Downey	Markey	Weiss
Drinan	Marks	Williams, Mont.
Duncan, Oreg.	Mathis	Williams, Ohio
Early	Matsui	Wirth
Eckhardt	Mavroules	Wolff
Edgar	Mikulski	Wolpe
Edwards, Calif.	Mineta	Wright
Ertel	Minish	Wydler
Evans, Ga.	Mitchell, Md.	Young, Mo.
Evans, Ind.	Mitchell, N.Y.	Zablocki
Fary	Moakley	Zeferetti
Fascell	Moorhead, Pa.	
Fazio	Mottl	

NOT VOTING—42

Addabbo	Gray	Roth
Anderson, Ill.	Hagedorn	Runnels
Ashbrook	Hillis	Santini
Barnes	Jeffords	Schroeder
Carr	Jenrette	Slack
Clay	LaFalce	Stokes
Collins, Ill.	Leath, Tex.	Symms
Edwards, Ala.	McEwen	Treen
Fenwick	Miller, Calif.	Ullman
Flood	Moffett	Vanik
Florio	Murphy, Ill.	Wilson, C. H.
Ford, Mich.	Myers, Pa.	Wilson, Tex.
Ford, Tenn.	Pease	Wyatt
Frost	Rose	Yates

□ 1850

The Clerk announced the following pairs:

On this vote:

Mr. Ashbrook for, with Mr. Addabbo against.

Mr. Hagedorn for, with Mr. Stokes against.

Messrs. MITCHELL of New York, VENTO, and HARSHA changed their votes from "aye" to "no."

Mr. HUTTO changed his vote from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. RODINO).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. KINDNESS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 208, noes 186, not voting 40, as follows:

[Roll No. 16]

AYES—208

Akaka	Fowler	Nedzi
Albosta	Fuqua	Nolan
Alexander	Garcia	Nowak
Ambro	Gaydos	Oakar
Anderson, Calif.	Gephardt	Oberstar
	Giaimo	Obey
Annunzio	Gibbons	Ottinger
Applegate	Gilman	Panetta
Ashley	Ginn	Pashayan
Aspin	Gonzalez	Patten
AuCoin	Gore	Patterson
Bailey	Green	Pepper
Baldus	Guarini	Perkins
Beard, R.I.	Hall, Ohio	Peyser
Bedell	Hanley	Pickle
Benjamin	Harkin	Price
Biaggi	Harris	Pursell
Bingham	Harsha	Rahall
Blanchard	Hawkins	Rangel
Boggs	Heckler	Ratchford
Boland	Heftel	Reuss
Bolling	Holland	Richmond
Boner	Hollenbeck	Rinaldo
Bonior	Holtzman	Roberts
Bouquard	Horton	Rodino
Brademas	Howard	Roe
Brodhead	Huckaby	Rosenthal
Brooks	Hughes	Rostenkowski
Brown, Calif.	Jenrette	Roybal
Burlison	Johnson, Calif.	Russo
Burton, John	Jones, N.C.	Sabo
Burton, Phillip	Jones, Tenn.	Scheuer
Carney	Kastenmeier	Seiberling
Chisholm	Kazen	Shannon
Clausen	Kildee	Simon
Clay	Kogovsek	Smith, Iowa
Coelho	Kostmayer	Solarz
Conte	Leach, La.	Spellman
Conyers	Lederer	St Germain
Corman	Lehman	Stack
Cotter	Leland	Staggers
Danielson	Lent	Stanton
Davis, Mich.	Lloyd	Stark
Davis, S.C.	Long, La.	Stewart
de la Garza	Lowry	Stratton
Dellums	Luken	Studds
Derrick	Lundine	Swift
Diggs	McCloskey	Thompson
Dingell	McCormack	Traxler
Dixon	McDade	Udall
Dodd	McHugh	Van Deerlin
Donnelly	McKinney	Vento
Dougherty	Maguire	Volkmer
Downey	Markey	Walgren
Drinan	Marks	Waxman
Duncan, Oreg.	Matsui	Weaver
Early	Mavroules	Weiss
Eckhardt	Mica	White
Edgar	Mikulski	Williams, Mont.
Edwards, Calif.	Mineta	Williams, Ohio
Ertel	Minish	Wirth
Evans, Ga.	Mitchell, Md.	Wolff
Evans, Ind.	Mitchell, N.Y.	Wolpe
Fary	Moakley	Wright
Fascell	Mollohan	Wydler
Fazio	Moorhead, Pa.	Yatron
Ferraro	Mottl	Young, Mo.
Fish	Murphy, N.Y.	Zablocki
Fisher	Murphy, Pa.	Zeferetti
Florio	Murtha	

NOES—186

Abdnor	Forsythe	Moore
Andrews, N.C.	Fountain	Moorhead, Calif.
Andrews, N. Dak.	Frenzel	Myers, Ind.
	Gingrich	Natcher
Anthony	Glickman	Neal
Archer	Goldwater	Nelson
Atkinson	Goodling	Nichols
Bafalis	Gradison	O'Brien
Barnard	Gramm	Paul
Bauman	Grassley	Petri
Beard, Tenn.	Grisham	Porter
Bellenson	Gudger	Preyer
Bennett	Guyer	Pritchard
Bereuter	Hall, Tex.	Quayle
Bethune	Hamilton	Quillen
Bevill	Hammer-schmidt	Railsback
Bonker	Hance	Regula
Bowen	Hansen	Rhodes
Breaux	Hefner	Ritter
Brinkley	Hightower	Robinson
Broomfield	Hinson	Rousselot
Brown, Ohio	Holt	Royer
Broyhill	Hopkins	Rudd
Buchanan	Hubbard	Santini
Burgener	Hutto	Satterfield
Butler	Hyde	Sawyer
Byron	Ichord	Schulze
Campbell	Ireland	Sebelius
Carter	Jacobs	Sensenbrenner
Cavanaugh	Jeffries	Sharp
Chappell	Jenkins	Shelby
Cleveland	Johnson, Colo.	Shumway
Clinger	Jones, Okla.	Shuster
Coleman	Kelly	Skelton
Collins, Tex.	Kemp	Smith, Nebr.
Conable	Kindness	Snowe
Corcoran	Kramer	Snyder
Coughlin	Lagomarsino	Solomon
Courter	Latta	Spence
Crane, Daniel	Leach, Iowa	Stangeland
Crane, Philip	Lee	Steed
D'Amours	Levitas	Stenholm
Daniel, Dan	Lewis	Stockman
Daniel, R. W.	Livingston	Stump
Dannemeyer	Loeffler	Synar
Daschle	Long, Md.	Tauke
Deckard	Lott	Taylor
Derwinski	Lujan	Thomas
Devine	Lungren	Trible
Dickinson	McClory	Vander Jagt
Dicks	McDonald	Walker
Dornan	McKay	Wampler
Duncan, Tenn.	Madigan	Watkins
Edwards, Okla.	Marlenee	Whitehurst
Emery	Marriott	Whitley
English	Martin	Whittaker
Erdahl	Mathis	Whitten
Erlenborn	Mattox	Wilson, Bob
Evans, Del.	Mazzoli	Winn
Findley	Michel	Wylie
Fithian	Miller, Ohio	Young, Alaska
Flippo	Montgomery	Young, Fla.
Foley		

NOT VOTING—40

Addabbo	Gray	Runnels
Anderson, Ill.	Hagedorn	Schroeder
Ashbrook	Hillis	Slack
Badham	Jeffords	Stokes
Barnes	LaFalce	Symms
Carr	Leath, Tex.	Treen
Cheney	McEwen	Ullman
Collins, Ill.	Miller, Calif.	Vanik
Edwards, Ala.	Moffett	Wilson, C. H.
Fenwick	Murphy, Ill.	Wilson, Tex.
Flood	Myers, Pa.	Wyatt
Ford, Mich.	Pease	Yates
Ford, Tenn.	Rose	
Frost	Roth	

□ 1910

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Hagedorn against.

Mrs. Fenwick for, with Mr. Ashbrook against.

Mr. LaFalce for, with Mr. Badham against.

Mr. Barnes for, with Mr. Cheney against.

Mr. Myers of Pennsylvania for, with Mr. Runnels against.

Mr. DINGELL changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

● Mr. RANGEL. Mr. Chairman, I rise in support of H.R. 5980, a bill that would authorize $1.25 billion in fiscal assistance for States and local governments crippled by loss of revenues due to high unemployment and recession. This bill provides this much needed support through a two pronged approach.

First, for those areas that are currently experiencing economic malaise, as measured by high unemployment rates, this bill would authorize $150 million in fiscal assistance, targeted through a formula developed to include only those communities that are truly in need. Unfortunately, this bill only authorizes this program for a single year. I think that these communities would best be served if there was a sustained level of Federal assistance that would give them the financial cushion to adequately combat their economic problems. I think that this targeted fiscal assistance is the proper vehicle for aiding those areas that are in a period of economic distress or decline.

The second, more complex half of this bill is the antirecessionary fiscal assistance program, which provides funds during a recession for those areas that are most severely impacted, and provides an indexing mechanism that allocates assistance on the basis of the recession on a particular community. Since the onset of the recession this year is a foregone conclusion, the passage of this bill is imperative if we want to properly counter the impact of the recession, instead of enacting hastily prepared legislation in the midst of a recession that will be ineffective because of the lengthy period of preparation that accompanies legislation that we enact.

I urge my colleagues to support this bill, and additionally, to vote for the Rodino amendment, which would increase the amount of targeted fiscal assistance to $200 million, $50 million higher than the amount authorized in the present bill as amended by the Fountain amendment.●

● Mr. ASHBROOK. Mr. Chairman, rarely does this Chamber see such a counterproductive proposal as the countercyclical aid package. It was a bad idea when it came before this House in 1976, it was a worse idea when it was extended in 1977. In its wisdom the House let this monstrosity die in the waning hours of the 95th Congress. Like some budgetary "Lazarus," it is once more ready to roam the fiscal landscape. What was supposed to be the "Oversight Congress" is about to look the other way as a clearly bad program is resusitated.

Why is there such an obsession with a program that has a proven track record of disaster? Why have so many substantive flaws of this bill been glossed over in the name of timeliness? These are questions I know a number of my colleagues are asking and I can assure you the taxpayers of this Nation will be asking. This bill uses the wrong concept to address the wrong problem at the wrong time.

In times of recession the problem facing the Nation is a combination of a decline in productivity, a rise in the unemployment rate, and a static or dropping rate of industrial or overall economic growth. Various factors tend to make the impact vary from one locale to another. Among these are the types of industries first impacted by the recession, and the competence of the local or State government to address economic down turns. The Federal Government's role in most recessions is to aggravate the problems through inflation, and frustrating growth via redtape and paperwork. To vote for a bill that takes a possible billion extra dollars out of the hides of the taxpayers or out of the private capital markets and say this will solve a recession is to negate every shred of economic sense. The last thing the Nation needs at a time of recession is the Government sapping the private individual to give more money to State and local governments. I would like to know when the Federal Government ever succeeded in economic management? To reward its dismal record is unthinkable.

The best solution for recessions is for the Federal Government to remove the ongoing constraints on the private sector of our economy. So many more people would start small businesses, so many more people would be employed, if there were not the mountain of paperwork, the maze of redtape and the staggering financial overhead from Government regulations that serve as deterrents to growth. It is this fundamental area that we should be addressing.

The ludicrous nature of this bill is embodied within its very language. One section provides for Davis-Bacon coverage. If we are so worried about providing operating funds to local governments why are we so interested in increasing the cost of operations to that government by adding the excess baggage of the Davis-Bacon law? I think this one provision underscores the entire bill. This is not a solution as much as a grab-bag approach to complex economic issues.

I also wonder about the priorities in this bill. At a time of recession it is not the governmental sector that most people worry about rejuvenating. The private sector suffers the most in an economic downturn. The concept of handing over tax dollars to local governments is just part of the usual shovel money at a problem mentality that has gotten the Nation in many of its past economic jams.

Part of the faulty logic in the bills' approach is the falacy that local government revenue is damaged in a recession. Most economists would agree that property values, barring a great depression, are the most stable base of taxation. Since the bill report, itself, states that 81 percent of all local revenue comes from this form of taxation I fail to see how this billion-dollar bill can aid anyone. To look further into the future, if local governments do have to scale back operations in times of economic downturns what can this bill really do? Most recessions of any major proportion to trigger a bill such as this, last longer than part of 1 year. What happens when a local government maintains its level of services with help from this bill but comes into a new fiscal year without further help? It will still have to cut back, probably more than it would have the first time around as the revenue shortfall is now larger and the services to be cut back are 1 more year further developed and expanded. The cry from the grassroots will be to expand the program 1 more year. The action on the floor will be to expand coverage and payments, and all of a sudden we have an ongoing budget buster which will end up hurting the taxpayers.

During an election year I can understand why Mr. Carter might like to have additional funds to target to key cities and States. However, there is a lot more at stake in this Nation than Mr. Carter's political well-being. The voters of this Nation are suffering under high taxes, lack of energy because of Government mismanagement, and higher prices due to Government caused price increases. These issues should be the agenda of 1980. A bill like this one can wait, probably forever.●

Mr. BROOKS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GEPHARDT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5980) to authorize a program of fiscal assistance during economic recessions and to authorize a program of targeted fiscal assistance, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill, H.R. 5980, just considered.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman from Maryland will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, would it be in order under the extraneous material to include right after the vote on the Rodino amendment a copy of the vote taken on December 14 on the same proposition, for purposes of comparison?

The SPEAKER. If it is extraneous matter.

Mr. BAUMAN. It is about as extraneous as it can get.

I thank the Speaker.

The SPEAKER. The Chair would have to reply, after consultation with the Parliamentarian, that it already is in the RECORD, and it would be a duplication.

Mr. BAUMAN. I thank the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Texas (Mr. BROOKS)?

There was no objection.

REFERRAL OF HOUSE JOINT RESOLUTION 487 JOINTLY TO COMMITTEE ON FOREIGN AFFAIRS AND COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the joint resolution (H.J. Res. 487) defining policies of the United States with respect to scientific and technical exchanges with the Soviet Union, which was referred solely to the Committee on Foreign Affairs on January 29, 1980, be jointly referred to the Committee on Foreign Affairs and to the Committee on Science and Technology.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EXPRESSING APPRECIATION TO THE GOVERNMENT OF CANADA AND ITS PEOPLE FOR ITS SUPPORT AND ASSISTANCE IN SECURING THE SAFE RETURN OF AMERICAN EMBASSY PERSONNEL FROM IRAN

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 267) expressing appreciation to the Government of Canada and its people for its support and assistance in securing the safe release of American Embassy personnel from Iran.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 267

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. That the Congress of the United States expresses the appreciation of the American people for the historic close relations and cooperation of the Governments of Canada and the United States in conducting foreign policy, particularly in facing the recent crises in Southwest Asia and the Middle East;

SEC. 2. The Congress expresses its appreciation to the Government of Canada and its people for supporting the United States in its efforts to obtain the safe release of American embassy personnel.

SEC. 3. The Congress of the United States in particular expresses its deep appreciation and thanks to the Government of Canada, which at considerable risk to its own embassy personnel, protected, housed, and arranged the safe departure of six employees of the American embassy in Tehran.

SEC. 4. A copy of this concurrent resolution shall be promptly transmitted to the Canadian Prime Minister, and the honorable members of the Canadian House of Commons and Senate.

The SPEAKER. The gentleman from New Jersey (Mr. HOWARD) is recognized for 1 hour.

In the opinion of the Chair, this is a matter of great importance. We would wish that the House would continue to be in order during this debate.

GENERAL LEAVE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 267.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HOWARD. Mr. Speaker, all time which I may yield during consideration of this resolution will be for debate purposes only.

Mr. Speaker, not long ago, I was alerted by a constituent from Oceanport, N.J., that a number of employees of the American Embassy in Tehran remained in that city, though not as hostages inside our besieged Embassy. Extreme caution and confidentiality had to be observed, for news of their existence could trigger further harassment of the 50 hostages or retaliation against Canadian Embassy personnel who ultimately housed and protected the six additional American diplomats.

My constituent is the father of Cora Amburn Lijek, who with her husband Mark, worked in the Visa Department of the American Embassy in Tehran until the November 4 takeover. I share the relief of Joe Amburn and his wife that their daughter is safe. All of us have the Canadian Government to thank for the escape of this young couple and others.

Mr. Speaker, there has been a great deal of conversation around this Nation in the past difficult weeks saying that we have to take difficult stands, and we would like to know who our friends are.

Mr. Speaker, when we have found a true friend, I think it quite appropriate that this body in behalf and speaking for all of our American citizens, say a grateful thank you to the Government and the people of Canada.

Mr. Speaker, on behalf of my colleagues, I would like to say that it may well be that there has never been a resolution brought before this Congress with as many cosponsors on the initial submission of it as has been this resolution.

Mr. Speaker, at a time in which the United States is receiving mixed reactions to our international call for support, not only is it appropriate, but obligatory, that the U.S. Congress clearly express its deep appreciation and thanks to our ally, the Government of Canada, for protecting and engineering the escape of the six Americans.

This and other recent pro-American positions taken by the Canadians should not go unnoticed by other nations of the world seeking to challenge the strength of our allied ties. We must thank our friends, the Government and the people of Canada, for standing by us during this critical time. I urge the adoption of the resolution.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. HOWARD. I would be delighted to yield to the gentleman from Wisconsin.

The SPEAKER. The Chair would like to say in the memory of the Speaker and the Parliamentarian there has never been a resolution of this type presented to this body and history is being written as a mark of appreciation to a neighboring country, and the Chair would ask that the House be in order.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of the resolution and commend our colleague from New Jersey (Mr. HOWARD) for introducing and calling up this congressional resolution which commends the Government of Canada for its actions on behalf of six American diplomats in Iran.

The past 3 months, since the seizure of the American Embassy in Tehran, has been a trying period for the American people. The Iranian action, together with the Soviet invasion of Afghanistan, has brought on a basic reassessment of what the role of the United States should be in world affairs.

In dealing with these crises, it has been heartening to see how much of the world community stands with the United States in its opposition to lawlessness and aggression in international affairs.

On December 4, for example, the U.N. Security Council unanimously adopted a resolution urgently demanding that Iran immediately release the American hostages in Tehran. On January 14, the U.N. General Assembly voted 104 to 18 to demand the withdrawal of Soviet troops from Afghanistan. Yesterday, a meeting of Islamic nations criticized Iran's seizure of the hostages, and called for withdrawal of Soviet forces from Afghanistan.

Throughout these crises no nation has been any more steadfast in its support of a peaceful world system and opposition to international lawbreaking than has Canada, our good friend and neighbor.

Today we have learned of a new dimension of Canada's role. Despite obvious danger to their own lives in Tehran, Ambassador Kenneth Taylor and his staff for 3 months protected and finally secured the exit from Iran of six American diplomats.

This action is a shining example of the humanitarianism of Canadian foreign policy over the years as well as a demonstration of the closeness of United States-Canadian relations.

I urge the unanimous approval of this resolution.

□ 1920

Mr. HOWARD. Mr. Speaker, I yield such time as he may consume to the chairman of the subcommittee dealing with American-Canadian affairs, the gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. Mr. Speaker, the past 3 months have been particularly difficult for U.S. foreign policy. The seizure of the U.S. Embassy in Tehran has created strains on U.S. foreign policy that have been compounded by the Soviet invasion of Afghanistan.

These adversities, however, have created a unity of purpose within the United States and a renewed sense of solidarity with most of the rest of the world community.

As these two crises have evolved, Canada has stood firm in its condemnation of the violation of international norms and law, and the American people have appreciated the Canadian support. We now know that we have more than just their foreign policy position for which to be grateful.

The Canadian Ambassador to Iran, the Honorable Kenneth Taylor, his staff, the Minister of External Affairs, Flora MacDonald and the entire Government of Canada have taken steps over the past 3 months to protect six American diplomats in Tehran and finally to arrange their safe departure from Iran. These actions were taken with the knowledge that they placed in jeopardy not only Canada's relations with Iran, but the personal lives of the Canadian diplomats.

Mr. Speaker, the successful exit of the six Americans from Iran is testimony to the thoroughness and efficiency of the Canadian Embassy personnel and is a credit to them and to the Canadian diplomatic service. Their courage in the face of clear danger to their own personal safety is testimony to the character of the Canadian people. And the steadfastness of the Canadian Government behind their efforts is testimony to the rectitude of Canadian foreign policy and to United States-Canadian friendship.

As chairman of the House delegation to the Canada-United States Interparliamentary Group, I have over the years developed close friendships with many members of the Canadian Parliament. Never have I been so proud of those relationships as I am today. On behalf of the House Members who participate in the Canada-United States Group, I would like to express our heartfelt appreciation for the efforts of the Canadian Government in securing the safety of these six American citizens.

Mr. Speaker, I urge the Members to support this resolution as a sign of our gratitude to Ambassador Taylor, his staff, the Canadian Government and the Canadian people.

Mr. HOWARD. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, I join with the gentleman from New Jersey in applauding our friends to the north in Canada for the friendship that they have demonstrated in assisting us during this time of crisis, not only for their assistance in insuring the safe return of Americans imperiled within Iran's borders, but also for their support of a boycott of the Moscow Olympics.

At a time when the foreign policy on which this Nation will embark in the decade of the eighties is under close reexamination and scrutiny, I would point out that there are some other good friends on this globe who have already responded to the call that this country has issued. An accounting of those friends among the first to respond to this Nation's rebuke of Soviet aggression in Afghanistan reveals that Australia, Great Britain, and New Zealand led those nations which field athletic teams in the games. Others who have responded by calling for boycotting, moving, or canceling the games include Egypt, the Netherlands, Morocco, Chile, and China. Nonathletic powers who have lent their support include Fiji, Qatar, Djibouti, and Saudi Arabia, and it is anticipated that Norway, West Germany, Japan, and Israel will follow suit.

I believe that these are the times, Mr. Speaker, to take an accounting of our friends as we reexamine the foreign policy of this Nation in determining what future course we shall chart as a people. I know my colleagues join me in gratitude to our friends, not the least of which is our neighbor to the north, Canada, in this clear signal to the Soviet Union that its disregard for international law and the basic tenets of diplomacy has not and will not go unnoticed nor unheeded by the international community.

Mr. HOWARD. Mr. Speaker, I yield such time as he may consume to the ranking minority member of the Foreign Affairs Committee, the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I, too, would like to compliment the gentleman from New Jersey for offering this resolution. I would like to associate myself with the very fine remarks made by the chairman of our committee. We all know that Canada has been an excellent neighbor. This recent help that it has given us in this hostage release from Iran has been unbelievable, and I just would like to join in and pay tribute to the Government of Canada and the people of Canada for this excellent action they have taken.

Mr. HOWARD. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Speaker, I thank the gentleman for yielding. As Vice Chairman of the United States-Canadian Parliamentary Delegation, I think this is an obvious issue that deserves our commendation.

I would like to say I think this is one vote in the 14 years that I have served in Congress where everybody in this House, both parties, would like to vote immediately, and then allow the rest of the time to be consumed by those that would like to speak.

● Mr. LAGOMARSINO. Mr. Speaker, once again, under the leadership of Prime Minister Joe Clark, Canada has shown what it means to be a "good neighbor." The wise and courageous action of the Canadian Government in providing sanctuary and safe passage for six American Embassy employees and dependents from Tehran, Iran, marks another example of increased good will and cooperation between our two Governments.

The government of Conservative Party Leader Clark has been supportive of other American initiatives not only for release of the hostages in Tehran but also for action in response to the Soviet invasion of Afghanistan. Prime Minister Clark's support of the U.S. position for changing the site of the summer Olympics or canceling them will add greater influence to the U.S. position before the International Olympic Committee.

I applaud the leadership and the compassion that have marked the first 8 months of Prime Minister Joe Clark's government.●

● Mr. RHODES. Mr. Speaker, I rise in support of this resolution. I have also joined as a cosponsor in a sincere effort to extend to our friends north of the border the thought that all good Americans appreciate very much the action of the Canadian Government in helping six American diplomats escape confinement in Iran.

This electrifying and exciting act has generated a genuine spark of pride and friendship throughout the nation and here in the Congress as well.

Our unloving critics say our traditional values are isolated and rejected by the world community. Canada's brave action again proves that nations which value freedom, opportunity, service, and friendship—and which formed the political structure of the North American Continent several centuries ago, have a deep underlying affinity. We can thank our lucky stars that we are all North Americans.

Thanks, Canada, we needed that.

Mr. HOWARD. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the concurrent resolution.

The previous question was ordered.

The SPEAKER. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 370, nays 0, not voting 64, as follows:

[Roll No. 17]

YEAS—370

Abdnor	Brademas	Danielson
Akaka	Breaux	Dannemeyer
Albosta	Brinkley	Daschle
Alexander	Brodhead	Davis, Mich.
Ambro	Brooks	Davis, S.C.
Anderson, Calif.	Broomfield	de la Garza
	Brown, Calif.	Deckard
Andrews, N. Dak.	Brown, Ohio	Dellums
	Broyhill	Derwinski
Anthony	Buchanan	Devine
Archer	Burgener	Dickinson
Ashley	Burlison	Dicks
Aspin	Byron	Dingell
Atkinson	Campbell	Dixon
AuCoin	Carney	Dodd
Bafalis	Carter	Donnelly
Bailey	Cavanaugh	Dornan
Baldus	Chappell	Dougherty
Barnard	Chisholm	Downey
Bauman	Clausen	Drinan
Beard, R.I.	Clay	Duncan, Oreg.
Beard, Tenn.	Cleveland	Duncan, Tenn.
Bedell	Clinger	Early
Bellenson	Coelho	Eckhardt
Benjamin	Coleman	Edgar
Bennett	Collins, Tex.	Edwards, Calif.
Bereuter	Conable	Edwards, Okla.
Bethune	Conte	Emery
Bevill	Corcoran	English
Biaggi	Corman	Erdahl
Blanchard	Cotter	Erlenborn
Boland	Coughlin	Ertel
Bolling	Courter	Evans, Del.
Boner	Crane, Daniel	Evans, Ga.
Bonior	Crane, Philip	Evans, Ind.
Bonker	D'Amours	Fary
Bouquard	Daniel, Dan	Fascell
Bowen	Daniel, R. W.	Fazio

Findley	Lehman	Rinaldo
Fisher	Leland	Ritter
Fithian	Lent	Robinson
Flippo	Levitas	Rodino
Fiorio	Lewis	Roe
Foley	Livingston	Rosenthal
Ford, Mich.	Lloyd	Rostenkowski
Ford, Tenn.	Loeffler	Rousselot
Forsythe	Long, La.	Roybal
Fountain	Long, Md.	Royer
Fowler	Lott	Rudd
Frenzel	Lowry	Russo
Fuqua	Lujan	Sabo
Garcia	Luken	Santini
Gaydos	Lungren	Satterfield
Gephardt	McClory	Sawyer
Giaimo	McCloskey	Scheuer
Gibbons	McCormack	Schulze
Gilman	McDade	Sebelius
Gingrich	McDonald	Seiberling
Ginn	McHugh	Sensenbrenner
Glickman	McKay	Shannon
Gonzalez	McKinney	Sharp
Goodling	Madigan	Shelby
Gore	Maguire	Shumway
Gradison	Marks	Shuster
Gramm	Marlenee	Simon
Grassley	Marriott	Skelton
Green	Martin	Smith, Iowa
Grisham	Mathis	Smith, Nebr.
Guarini	Matsui	Snowe
Gudger	Mattox	Snyder
Guyer	Mavroules	Solarz
Hagedorn	Mazzoli	Solomon
Hall, Ohio	Mica	Spellman
Hall, Tex.	Michel	Spence
Hamilton	Mikulski	St Germain
Hammer-schmidt	Miller, Ohio	Stack
	Mineta	Stangeland
Hance	Minish	Stanton
Hanley	Mitchell, Md.	Stark
Hansen	Moakley	Steed
Harkin	Mollohan	Stenholm
Harris	Montgomery	Stewart
Harsha	Moore	Stockman
Hawkins	Moorhead, Calif.	Stratton
Heckler		Studds
Hefner	Moorhead, Pa.	Stump
Heftel	Motti	Swift
Hightower	Murphy, N.Y.	Synar
Hinson	Murphy, Pa.	Tauke
Holland	Murtha	Taylor
Holt	Myers, Ind.	Thomas
Holtzman	Natcher	Traxler
Hopkins	Neal	Trible
Horton	Nedzi	Van Deerlin
Howard	Nichols	Vander Jagt
Hubbard	Nolan	Vento
Huckaby	O'Brien	Volkmer
Hughes	Oakar	Walgren
Hutto	Oberstar	Walker
Hyde	Obey	Wampler
Ichord	Panetta	Watkins
Ireland	Pashayan	Weaver
Jacobs	Patten	Weiss
Jeffries	Patterson	White
Jenkins	Paul	Whitehurst
Johnson, Calif.	Pepper	Whitley
Johnson, Colo.	Perkins	Whittaker
Jones, N.C.	Petri	Whitten
Jones, Okla.	Peyser	Williams, Mont.
Jones, Tenn.	Pickle	Williams, Ohio
Kastenmeier	Porter	Wilson, Bob
Kazen	Preyer	Winn
Kelly	Price	Wirth
Kemp	Pritchard	Wolff
Kildee	Pursell	Wolpe
Kindness	Quayle	Wright
Kogovsek	Quillen	Wydler
Kostmayer	Rahall	Wylie
Kramer	Railsback	Yatron
Lagomarsino	Rangel	Young, Alaska
Latta	Ratchford	Young, Fla.
Leach, Iowa	Regula	Young, Mo.
Leach, La.	Reuss	Zablocki
Lederer	Rhodes	Zeferetti
Lee	Richmond	

NOT VOTING—64

Addabbo	Conyers	Leath, Tex.
Anderson, Ill.	Derrick	Lundine
Andrews, N.C.	Diggs	McEwen
Annunzio	Edwards, Ala.	Markey
Applegate	Fenwick	Miller, Calif.
Ashbrook	Ferraro	Mitchell, N.Y.
Badham	Fish	Moffett
Barnes	Flood	Murphy, Ill.
Bingham	Frost	Myers, Pa.
Boggs	Goldwater	Nelson
Burton, John	Gray	Nowak
Burton, Phillip	Hillis	Ottinger
Butler	Hollenbeck	Pease
Carr	Jeffords	Roberts
Cheney	Jenrette	Rose
Collins, Ill.	LaFalce	Roth
Runnels	Thompson	Wilson, C. H.
Schroeder	Treen	Wilson, Tex.
Slack	Udall	Wyatt
Staggers	Ullman	Yates
Stokes	Vanik	
Symms	Waxman	

□ 1940

The Clerk announced the following pairs:

Ms. Ferraro with Mr. Anderson of Illinois.
Mr. Addabbo with Mr. Treen.
Mr. Stokes with Mr. Butler.
Mr. Moffett with Mr. Wyatt.
Mr. John L. Burton with Mr. Badham.
Mr. Murphy of Illinois with Mr. Ashbrook.
Mr. Staggers with Mr. Edwards of Alabama.
Mr. Jenrette with Mr. Symms.
Mr. Gray with Mr. Goldwater.
Mr. Barnes with Mr. Mitchell of New York.
Mr. LaFalce with Mr. Hollenbeck.
Mr. Myers of Pennsylvania with Mrs. Fenwick.
Mr. Vanik with Mr. Cheney.
Mr. Miller of California with Mr. Fish.
Mr. Thompson with Mr. Hillis.
Mr. Roberts with Mr. McEwen.
Mr. Ottinger with Mr. Roth.
Mr. Annunzio with Mr. Jeffords.
Mrs. Boggs with Mr. Phillip Burton.
Mr. Derrick with Mr. Diggs.
Mr. Nowak with Mr. Waxman.
Mr. Stack with Mr. Rose.
Mr. Bingham with Mr. Runnels.
Mr. Lundine with Mr. Andrews of North Carolina.
Mr. Ullman with Mr. Frost.
Mr. Udall with Mr. Pease.
Mr. Charles H. Wilson of California with Mr. Nelson.
Mrs. Collins of Illinois with Mr. Carr.
Mr. Conyers with Mr. Yates.
Mrs. Schroeder with Mr. Markey.
Mr. Flood with Mr. Leach of Texas.

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

THE CARTER BUDGET: INFLATION FIGHTER OR FUEL FOR INFLATION?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 5 minutes.

● Mr. GRASSLEY. Mr. Speaker, on January 28, 1980, Senator HARRY F. BYRD stated in the CONGRESSIONAL RECORD his objections to the administration's budget for 1981 as a total lack of discipline and a total surrender to inflation.

I would urge my colleagues to read his statement which is found on page S452. You should pay particular note to the fact that with the projected deficit of $16 billion, the President will be in violation of the law. The legislation which he in fact signed into law—legislation which I sponsored along with Senator BYRD prohibiting a Federal deficit in 1981 and thereafter.

The budget will add to inflationary pressures. It will continue the spending spree of the 1970's with an increase of $68 billion in Federal outlays over the total approved by Congress for the current year. It will raise the national debt to $939 billion. The rate of spending growth in the Carter years has exceeded the inflation rate by a significant amount.

I would urge my colleagues to determine for themselves, whether in fact the President has offered the Congress a budget which fights inflation or just fuels the flames of inflation. If you believe as I do, that the budget is fiscally irresponsible and does not meet the intent of the law, then we should have the courage and judgment to produce a budget that does.●

BIG SPENDING BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 15 minutes.

Mr. COLLINS of Texas. Mr. Speaker, in the 1981 budget President Carter states the United States will have a $15.8 billion deficit. Yet, at the end of the same budget year the U.S. debt will increase by $46.6 billion. The debt is increased three times as much as the reported deficit. The difference includes a deficit of $18.1 billion for off-budget agencies plus $12.7 billion in borrowings from Government trust funds. It is all a deficit. If businessmen kept books like the U.S. Government, they would be sent to Leavenworth.

The national debt anticipates going over $900 billion in the fall of 1980. One development on the national debt is that foreigners now own 19 percent of the debt whereas they only owned 5 percent in 1970. Should foreigners ever begin to unload quickly, it would have a severe reaction.

This year President Carter is requesting a $616 billion budget. The year before Carter became President the budget was $366 billion and in his short time in office his big spending program has increased the budget to $616 billion.

One thing President Carter forgot to mention in his budget remarks was the fact that increased taxes provide $77 billion more this year. That is $77 billion more taxes from Americans.

The area that has been inadequately funded has been defense, where President Carter has run $9 billion a year behind the recommendations of President Ford. And what is most disturbing about defense is that the new 1981 defense budget of $142 billion only provides $30 billion for military weapons such as guns, ships, planes, and tanks. This means that every time $1 is going for defense planes, tanks, and guns, $4 is going for defense overhead.

When President Carter took office, inflation was 4.8 percent and today inflation is running 14 percent.

When President Carter entered the White House, the bank prime interest rate was 6.2 percent and today it tops 15 percent. When President Carter came to the White House, gold was $125 an ounce, but with the loss of world confidence gold is now over $600 an ounce.

But the greatest reflection on the inadequacy of the Carter administration is the fact that the average per capita income of Americans was fourth in the world and under Carter we have dropped to seventh and we are still dropping.

It is time our country got back to sound basic economics where a day's pay can be

used at home instead of going up in smoke for taxes and inflation.

This country has too much government. We have more government than we need, more government than the people want, and more taxes than the average citizen can afford to pay.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

Mr. Speaker, I appreciate the gentleman's bringing up this point. I am a member of the Committee on Ways and Means, and we have all watched with great interest the Committee on the Budget. That $77 billion increase in revenue will occur if Congress does nothing. In other words, if Congress takes no action, the escalation cause of inflation and all kinds of incremental increases in social security taxes will occur—if the Congress does absolutely nothing. So a lot of Members of Congress can claim that they have in no way increased the taxes but actually they have by allowing it to go into place by doing nothing.

Mr. COLLINS of Texas. I appreciate the good work we are having on watching the budget. Unfortunately our party is not in control. We are the minority party, but come November I hope the American people understand the true facts.

A TRIBUTE TO CANADA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 5 minutes.

● Mr. DERWINSKI. Mr. Speaker, I rise in tribute to Canada, our good friend and neighbor to the north. Canada has once again demonstrated the depth of the long-lived friendship between our two countries by helping six American officials to escape from Iran. I join with my colleagues in expressing heartfelt thanks to Canada on this occasion.

Some time ago the State Department was asked to publicly identify all the Americans being held hostage by the Iranian terrorists in Tehran. There was irritation in some quarters when the Department would not do so. Perhaps the Government did not even know who they were, it is surmised by some. The upshot is that there was good reason not to make known such a list. The point is that, in certain sensitive situations, there are legitimate secrets. If this particular secret about our six diplomats had been compromised, the results would probably not have been so felicitous.

In any case, thank you, Canada.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

● Mr. GILMAN. Mr. Speaker, I missed two rollcall votes on Tuesdav, January 22 and Wednesday, January 23 because I was returning from a study mission with the Committee on Foreign Affairs in the Far East.

On January 22, I was absent when the House voted on House Resolution 514, the resolution making in order consideration of H.R. 2471, to authorize appropriations for the U.S. International Trade Commission and the U.S. Customs Service for fiscal year 1980. Had I been present, I would have voted "aye" on rollcall No. 2.

On January 23, I was absent for rollcall No. 3, the vote on House Resolution 513, the resolution making in order consideration of H.R. 4788, the water resources authorization. Had I been present, I would have voted "aye." ●

ENCOURAGING SAVING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. BROWN) is recognized for 30 minutes.

Mr. BROWN of Ohio. Mr. Speaker, these are tense times. We are threatened militarily and economically from abroad. At home, Americans struggle with each other for a bigger slice of a shrinking pie. It did not have to be this way.

If we had saved and invested a bit more; if we had grown only 1½ percent faster each year since 1950, we would now have a $3⅓ trillion economy, instead of just over $2¼ trillion. We would have $250 billion more in Federal revenues, balanced budgets, stable prices, income and payroll cuts, national health insurance, 50 percent higher living standards, millions more jobs, and a solvent social security system. We would have an ultramodern productive economy three times the size of the Soviet Union's instead of twice, and unquestioned military superiority. They simply could not have kept up with us.

Faster growth, higher incomes, and plentiful jobs are exactly what the unemployed, underprivileged, and the minorities of this country have been seeking for many years. It is no accident that the greatest gains in income, jobs, and dignity for minority workers have come during periods of rapid expansion.

Growth is critical, and saving is critical to growth. We have thrown away 30 years. The hour is very late. It is high time we got started.

This is too crucial an issue for casual legislation. We have to do it right, without ideology and without wishful thinking. It is a fact of life that the top half of the income distribution earns more than three-quarters of taxable income and undoubtedly does 90 percent or more of the Nation's personal saving. We have to encourage those with the capacity to save to get going to give this country the growth it needs to compete and survive in a hostile world. And whether we like it or not, that means reducing the tax rates on added earnings from added savings for people at all income levels.

I have made a careful study of this issue over several years. The Joint Economic Committee has held hearings on growth. We heard from the best experts in the country. I can tell you this: Savings can be encouraged. We can grow faster. Let me summarize some of what I have learned.

I must stress very strongly that the naive approach of exempting a limited dollar amount of interest from the tax will not work. That merely rewards old saving. Most returns have more interest and dividend income than the ceilings in a limited $200 or $400 exclusion. IRS figures prove this beyond a shadow of a doubt. The tax status of any added interest is completely unchanged by the exclusion. If the taxpayer had become discouraged and had stopped saving before the exclusion, he still will not save after the exclusion. If the taxpayer was using tax shelters before exclusion, he will still use them after the exclusion. We can justify some sort of exclusion on equity grounds to aid the elderly, whose interest on old bonds has been severely eroded by inflation. But we cannot, we must not, fool ourselves into thinking that a limited exclusion will increase saving. There are only two ways to encourage more saving: First, reduce the tax rate on savings income in each existing tax bracket; and second, shift savings' income into lower brackets.

Unless the actual tax rate paid on the last few dollars, on the marginal, potential added dollars of savings income is reduced, behavior will not be changed and saving will not be increased.

Today and tomorrow I am introducing two savings bills which illustrate these approaches. Either bill can be made compatible with whatever interest exclusion, if any, emerges from the windfall tax bill conference. The bill (H.R. 6375) which I have introduced with Senator SCHMITT, includes an interest exclusion. But it also reduces the effective tax rate on savings income in each bracket by 25 percent, by exempting 25 percent of every dollar of saving income from tax. This lowers the effective tax rates from the current range of 14 to 70 percent to 10½ to 52½ percent, greatly increasing the incentive to save.

The bill which I will introduce tomorrow (H.R. 6400) with Representative ROUSSELOT and Senator ROTH, is even better because it targets the incentives more strongly at those people of working age who can and should save more and spend less. Current law combines savings income and earned income for tax purposes. Instead of stacking savings income on top of earned income, which puts the savings income in the high brackets, I propose to split income into two parts for tax purposes. The first dollar of both earned income and unearned income would start in the 14-percent bracket, and the top tax rate on both would be 50 percent. Deductions and personal exemptions would be taken against either type of income, whichever was higher, or split between them. The two taxes would be added to find the total tax bill.

For most working-age taxpayers, the bulk of income is earned, with only a few hundred or a few thousand in savings income added on the top. This bill would bring this income down from the taxpayer's top bracket, where it may face rates of 24, 36, or even 70 percent, and

puts it into the 14- or 16-percent brackets, producing a great jump in incentives at relatively low cost. A more detailed description of these bills appears below.

We must move on this matter. We cannot wait to find room in the budget. We must make room in the budget. These bills, when fully phased in, will run about $10 to $12 billion at today's prices for the income-splitting bill, and somewhat more for the other. But they will finance themselves in the short run out of the savings they generate. They will not be inflationary. In the long run, they will spur economic growth and cause people to leave the tax shelters for ordinary income, and pay for themselves many times over.

There is ample money for these bills. Inflation is raising taxes in real terms above current annual levels by $15 billion a year, year after year. This means $15 billion the first year, $30 billion the second, $45 billion the third, and so on. It should be no trouble to phase in a bill that will take only the first year's increase. It is affordable. It is essential. It is time to act.

TWO APPROACHES TO SAVINGS

The United States has the lowest rate of saving in the Western World, resulting in the lowest rate of productivity growth, investment, and real wage increases among the major industrialized nations. Personal saving is falling because inflation and high tax rates reduce the real rate of return on savings. As people are pushed into higher tax brackets, they get to keep less of each additional dollar of savings income. Since income from savings is added to earned income, the highest tax rate each taxpayer pays is imposed on his or her savings income. The higher the tax rate individuals face on additional income from saving, the less likely they are to save. Thus, the present high tax rates discourage new savings, encourage consumption, and force savings away from productive investments into tax-exempt bonds and tax shelters.

The total amount of saving in the United States—personal saving, retained earnings, and depreciation set-asides—has already fallen so low that we are not providing enough investment to keep pace with replacing worn-out machinery and equipping a growing labor force. This is leading to falling productivity, lower real wages, and reduced job opportunities. Unless action is taken, we face a decade of stagnation.

THE BROWN, ROUSSELOT, ROTH SAVINGS BILL

The bill proposes to treat interest and dividend income more equally with earned income for tax purposes, thereby encouraging saving and economic growth. This is a carefully targeted proposal of particular benefit to Americans of working years with the desire and ability to save and invest to provide for their retirement and to help the country grow.

The proposal reduces the top marginal tax rate to 50 percent from its current level of 70 percent.

It further provides that earned income and savings income shall be taxed separately, after allowable deductions and exemptions, with the first dollars of each type of income starting in the lowest tax brackets. A limit on eligibility is imposed for those upper income taxpayers with more than $10,000 in certain sheltered preference income.

On equity grounds, many Members have proposed an interest and dividend exclusion to partially compensate for the damage inflation has done to interest and dividend income from existing savings. This bill does not interfere with such efforts to reward existing saving.

However, in order to encourage additional savings, the tax rates at which additional savings income is taxed must be reduced. The bill equalizes tax rates for both earned and unearned income at rates ranging from 14 percent to 50 percent. This ends the discrimination against saving which has been in the code since 1969. Currently, personal service income faces a maximum tax rate of 50 percent, while savings income faces a top rate of 70 percent. The change will raise revenue, because of a sharp drop in the use of tax shelters as the top rate is reduced.

Furthermore, lower and middle income tax rates on savings income are reduced by an income-splitting provision. In current law, after exemptions, earned and unearned income are added together to obtain taxable income, stacking one on top of the other to reach the higher brackets. Under this proposal, each taxpayer would compute a tax on earned income alone, and on unearned income alone, and then add the taxes together. In this way, the first dollar of each type of income would start in the 14-percent tax bracket. Each type of income would rise only through as many brackets as its own size would warrant. The result would be lower tax rates on added income of both types. Specifically, the tax rate on additional interest and dividends from added savings would be in a lower tax bracket than at present for most taxpayers, resulting in more incentive to add to savings.

Currently, individuals with more than $10,000 in "preference" income (income from tax-sheltered activities) are subject to the minimum tax. As a further inducement for such individuals to return to more productive, ordinary investment, the bill limits the participation of those upper income individuals who continue to use tax shelters. Indviduals with more than $10,000 in preference income (other than capital gains) are prohibited from using this income-splitting provision.

The reduction of the top tax rate to 50 percent would cost $3.5–$4.0 billion, and the income-splitting provision, which could be phased in over time, would add another $7 to $9 billion. These provisions would result in substantial revenue reflow to the Treasury by sharply encouraging a switch from tax-exempt to taxable investments, thus reducing the cost considerably.

THE BROWN-SCHMITT SAVINGS BILL

This proposal is designed to encourage a higher rate of saving by reducing the tax rates which apply to interest and dividend income. The primary beneficiaries will be retirees dependent on interest and dividend income, and those of working years with the will to save and invest to modernize America. The bill provides a two-part approach to interest and dividend income.

To compensate existing savings for the effects of inflation on fixed interest, the bill excludes from taxable income 100 percent of the first $200 and $400 of interest and dividend income on single and joint returns. These amounts are increased annually in stages—$300/$600, $400/$800—to $500 and $1,000 in the fourth year after enactment.

To encourage new saving, the bill excludes from taxable income 5 percent of all interest and dividends above the amounts described above, increasing annually in stages—10 percent, 15 percent, 20 percent—to 25 percent in the fifth year after enactment.

In order to encourage new savings, the tax rates which apply to interest and dividends must be reduced. A limited interest tax exemption will not substantially increase saving. It will primarily reward existing savings. On equity grounds, an interest exemption is advisable for senior citizens and low and moderate income taxpayers. This bill provides such an exemption. But in order to encourage additional savings, the tax rates at which additional savings income is taxed must be reduced. The 25-percent exclusion of additional interest and dividends has the effect of reducing the tax rates on additional savings income by one-quarter. For example, an individual in the 28-percent tax bracket would see the effective marginal tax rate on savings income fall to 21 percent. The 40-percent bracket would effectively fall to 30 percent, and the 70-percent bracket to 53 percent. This would result in a substantial increase in saving, a switch out of tax shelters, reduced interest rates, and less pressure on the Federal Reserve to create money. It is a progrowth, anti-inflationary step of great effectiveness.

The amendment would cost between $15 and $20 billion when fully operative. Phased in over 5 years, the cost would be about $4 to $5 billion the first year.

□ 1950

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I will be happy to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, the Ways and Means Committee is in the process of hearings on the general subject of tax incentives for savings. During the 2 days of testimony received by the committee thus far, we have been reminded many times that Americans have not been prudent and conscientious about their savings plans lately. At the beginning of 1978, for example, savings as a percent of disposable income was 13.5 percent in West Germany, 12.3 percent in the United Kingdom, 8.6 percent in Japan, and only 5.3 percent in the United States. By the end of 1978, that percentage of savings for the United

States had slipped to 4.8 percent, and by October 1979, to 3.6 percent, the lowest level since the end of the Korean war.

Why are Americans saving less and less? Although it is difficult to find many areas of agreement among the country's economists, most do agree that Americans are not saving and that they are not saving because inflation and the Tax Code have combined to make saving a "dumb" financial move. With inflation running at over 13 percent as an annual rate and with interest rates on savings accounts hovering between 5.5 and 7 percent, Americans realize that for every dollar saved, a percentage of its value is lost due to inflation and the failure of interest rates to keep up with the inflation rate. The penalty for saving a dollar is exacerbated by the fact that the Internal Revenue Service is waiting in the wings for its share of the interest earned on that saved dollar. We reward deficit financing on a personal level by allowing interest paid on loans or credit card accounts to be deductible for tax purposes. Where is the incentive to save?

Today, my colleague on the Joint Economic Committee, Representative BUD BROWN, and I are introducing a savings incentive measure which we believe will encourage savings and economic growth. This proposal will aid working Americans with the desire and ability to invest and save and it will benefit our retired citizens trying to stretch fixed incomes to cover rising costs.

Briefly, the proposal would reduce the top marginal tax rate to 50 percent from the current 70 percent. The bill further provides that earned income and savings income shall be taxed separately, after allowable deductions and exemptions, with the first dollars of each category of income starting in the lowest tax brackets. Eligibility is limited for those upper income taxpayers with more than $10,000 in certain sheltered "preference" income. We believe that this tax treatment will encourage additional savings and would end the discrimination against savings which has been part of the tax code since 1969.

For my colleagues review, I am including an editorial from the Wall Street Journal on November 28, 1979. This editorial discusses the Brown-Rousselot-Roth savings approach and the effect the enactment of this measure would have on savings and investment in this country. I urge my colleagues to read this editorial and to consider cosponsoring this legislation which would eliminate the tax bias against savings:

RESCUING SAVINGS

Late in the day, the Senate has begun to worry about the damage the proposed "windfall profits tax" on oil could do to national savings. Corporate profits, after all, are a major source of economic savings, meaning money set aside to expand and replenish the nation's productive capital.

So this week the Senate Finance Committee is trying to agree on a savings amendment to the windfall bill. This late rider is at least as important as the main body of the bill because it could determine the tax treatment of savings over the next 10 years and hence bear heavily on the future productivity of the U.S. economy.

The saving rate in the U.S. is very low. Of the total amount of savings generated, a chunk is taken off the top to finance the government's budget deficit. Most of what's left goes to replace worn out plant and equipment. Of the funds remaining for net investment, practically every dollar is needed to equip the growing labor force so that productivity per worker doesn't decline. Steve Entin of the Joint Economic Committee staff has calculated that in 1977–78 there was less than $5 billion left with which to meet mandated spending on environmental and safety equipment and to finance real economic growth. Little wonder U.S. productivity growth is so low.

Now enter the "windfall profits" tax. It's going to reduce the oil industry's cash flow and ability to finance investment internally. That means a decline in total savings, a decline that Donald Lubick, Assistant Secretary of the Treasury for Tax Policy, acknowledges when he says that "funds to finance investment in new field capacity will come from the private sector through capital markets as it did at the birth of the oil business."

Of course, if oil industry revenues were to balloon with decontrol, the tax would not be at the expense of the current retained earnings of the industry. But we have explained in previous columns why crude oil price decontrol is unlikely to significantly increase oil industry revenues, and Mr. Roberts brings these points up to date elsewhere on this page today. Members of the Finance Committee themselves are beginning to wonder how oil industry revenues can rise when consumers are already paying the world price for refined products. However, they are still determined to take advantage of the public ire toward oil companies induced by years of demagogy, and lay on a big new tax.

They are frightened, though, by recognition of what their bill will do to savings, investment, productivity and growth. So they are fishing around for some way to offset the effect on savings. If the Senators are intent on passing this destructive bill to begin with, we suppose it's good that they want to rescue savings. So they could do a lot worse than to hook on to the approach that Senator Roth and Representatives Bud Brown and John Rousselot have been working on.

These lawmakers have figured out that there's a difference between giving a tax break on existing savings and encouraging new, additional savings. An interest deduction from taxable income doesn't affect the tax rates; it just excludes a fixed amount of interest income from tax, and once the exclusion is used up any new saving is taxed at the existing high rates.

At the present time savings income (interest and dividends) is stacked on top of wages and salaries for tax computation. In other words, wages and salaries enter the tax brackets at a rate that begins at 14 percent and runs up to 50 percent. Savings income then enters the tax brackets at a rate that begins at the highest marginal rate applicable to the taxpayer's wage or salary income and runs from there up to 70 percent.

What Senator Roth and Representatives Brown and Rousselot want to do is to treat savings income the same as wage and salary income by splitting it out and taxing it at the same 14–15 percent rates. By eliminating the tax discrimination against savings income, this approach significantly lowers tax rates and provides an incentive to every earner to save more of his income.

In addition to encouraging more savings, the Roth-Brown-Rousselot approach would pull a lot of savings out of tax shelters and add to the economy's productivity.

But whether the Finance Committee goes with this particular approach or not, we hope the Senators have learned enough supply-side economics to recognize that if they are serious about savings, they must increase the after-tax rate of return to new savings.

For our part, we will be holding our breath. Any Congress that can come up with a piece of legislation as obscene as the "windfall profits" tax can come up with an awful savings and amendment as well.

PAUL HENZE'S EMPLOYMENT SHOULD BE TERMINATED

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 30 minutes.

Ms. HOLTZMAN. Mr. Speaker, on May 1, 1979, Radio Free Europe broadcasted a 45-minute interview with Valerian Trifa, a naturalized American citizen who is alleged to have incited a pogrom against the Jews in Bucharest, Romania, during World War II. No mention was made during the broadcast that the Department of Justice had initiated proceedings against Trifa in May 1975 to strip him of his citizenship because of his alleged participation in war crimes.

Although I was deeply concerned that Radio Free Europe—an entity funded almost entirely by congressional appropriations—chose to interview an individual accused by the Justice Department with concealing his complicity in war crimes, I was equally disturbed by statements that I learned were subsequently made by Paul Henze of the National Security Council staff about the broadcast. Mr. Henze is the Security Council liaison with the Board for International Broadcasting, the agency which oversees Radio Free Europe's operations.

According to a transcript of the Board for International Broadcasting meeting of August 15, 1979, which I recently obtained, Mr. Henze characterized concern about the Trifa interview as "silly" and stated flatly that it "certainly isn't serious from the point of view of the White House." Despite strenuous protests from several Board members, Mr. Henze continued in the following vein:

> Let me state the White House position on this issue: Bishop Trifa, as an American citizen, represents an important ethnic group.

Similar statements were made by Mr. Henze at a Radio Free Europe/Radio Liberty Board of Directors meeting. Not only did Mr. Henze evidently find nothing seriously wrong in Radio Free Europe's providing a platform for an alleged Nazi war criminal under charges by the Department of Justice, but he implied that the propriety of the interview should be judged solely on whether Trifa's "ethnic group" would approve of, or be placated by, the broadcast. The obvious conclusion is that Mr. Henze believes that the number of possible votes to be gained or lost is the overriding factor in making a judgment of this kind.

Because of my concern about this matter, I wrote to President Carter on December 5 and 13, 1979, and on January 24, 1980, and asked that Mr. Henze immediately be dismissed. In response I have received two totally unsatisfactory letters from a staff member of the Security Council and no answer or explanation at all from the President or Dr. Brzezinski. Members of the press have been equally unsuccessful in obtaining

answers to their questions on this matter from the White House.

I urge my colleagues to join me in protesting Mr. Henze's continued employment and the White House's continued unresponsiveness. Copies of my correspondence on this matter follow:

COMMITTEE ON THE JUDICIARY,
Washington, D.C., December 5, 1979.

Hon. JIMMY CARTER,
The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to you regarding statements made by a member of the White House staff which I consider to be unconscionable and grounds for his immediate dismissal.

As you may be aware, on May 1, 1979, Radio Free Europe broadcast a forty-five minute interview with Valerian Trifa, a naturalized American citizen who is alleged to have incited atrocities against the Jews in Bucharest, Romania during World War II. No mention was made during the broadcast that the Department of Justice had initiated proceedings against Trifa in May 1975 to strip him of his citizenship because of his alleged participation in war crimes and that the case was expected to go to trial in federal court in Detroit in the near future.

Because of the potential effect the Radio Free Europe broadcast could have on the pending litigation, and on the willingness of foreign governments to provide judicial assistance to the United States in other cases involving suspected Nazi war criminals, I directed my Subcommittee staff to investigate the circumstances surrounding the airing of the Trifa interview.

Although I am deeply concerned that Radio Free Europe—an entity funded almost entirely by our government—chose to interview an individual accused by the Justice Department with concealing his complicity in war crimes, I am equally disturbed by statements that I have discovered were subsequently made by Mr. Paul Henze of Dr. Brzezinski's Security Council staff about the broadcast. Mr. Henze apparently serves as the Security Council liaison with the Board for International Broadcasting, the agency which oversees Radio Free Europe's operations.

According to evidence I have received in the course of my investigation, Mr. Henze, during the Board for International Broadcasting meeting of August 15, 1979, characterized concern about the Trifa interview as "silly" and stated flatly that it "certainly isn't serious from the point of view of the White House." Despite strenous protests from several Board members, Mr. Henze continued in the following vein: "Let me state the White House position on this issue: Bishop Trifa, as an American citizen represents an important ethnic group." Similar statements were made by Mr. Henze at a Radio Free Europe/Radio Liberty Board of Directors meeting. Not only does Mr. Henze evidently find nothing seriously wrong in Radio Free Europe's providing a platform for an alleged Nazi war criminal under charges by the Department of Justice, but he implies that the propriety of the interview should be judged solely on whether Trifa's "ethnic group" would approve of, or be placated by, the broadcasts. The obvious conclusion is that Mr. Henze believes that the number of possible votes to be gained or lost is the overriding factor in making a judgment of this kind.

These statements are outrageous enough if they represent only Mr. Henze's personal feelings on this matter, and are sufficiently reprehensible in my view to warrant his immediate removal from your staff. If his comments accurately reflect the position of, or were sanctioned by, Dr. Brzezinski or other White House officials, they too should be called to account.

I would also note that Mr. Henze, during the same Board for International Broadcasting meeting, sought to downplay the importance of a Congressional inquiry into this matter. Other evidence I have received regarding statements made by Mr. Henze to Radio Free Europe employees in Munich would seem to confirm that this was his intent.

I find even the appearance of counseling non-cooperation in the case of a Congressional investigation to be extremely distressing. Since Mr. Henze wears the mantle of the White House, it is particularly damaging when he takes such a position. It is precisely because the government refused to investigate vigorously allegation that war criminals had been provided sanctuary in this country for 30 years that we are today forced to confront this issue.

Your Administration, at my urging and with the full support of my Subcommittee, has taken vitally important steps in the last year to upgrade the investigation and prosecution of alleged Nazi war criminals living in this country. In view of this, I cannot believe that Mr. Henze's statements represent your feelings in this matter. If they do not, I urge you promptly to take the action I have suggested.

Sincerely,

ELIZABETH HOLTZMAN,
Chairwoman.

NATIONAL SECURITY COUNCIL,
Washington, D.C., December 12, 1979.

Hon. ELIZABETH HOLTZMAN,
Chairwoman, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR CONGRESSWOMAN HOLTZMAN: Your letter to the President of December 5 has been forwarded to me for response since it concerns a member of the National Security Council staff. I should note that prior to its receipt, we had already received a number of calls here about the letter.

As to the matter you raise in the letter, please note the following: While the BIB transcript was not verified by Mr. Henze, and while his personal estimate of the importance of the Trifa broadcast can be justifiably contested by others, the transcript does make it very clear that Mr. Henze explicitly shared the view expressed by Ambassador Hayes that the broadcast was an "error of judgment." Nowhere in the discussion did he either support this broadcast or indicate, even in the slightest, any sympathy for Archbishop Trifa's alleged past activities. Obviously, the crimes that were committed during World War II are recognized as heinous and have no sympathy among anyone in the civilized world.

Sincerely,

CHRISTINE DODSON,
Staff Secretary.

COMMITTEE ON THE JUDICIARY,
Washington, D.C., December 13, 1979.

Hon. JIMMY CARTER,
The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On December 5, I wrote to you concerning certain statements made by Mr. Paul Henze of the National Security Council staff regarding a Radio Free Europe broadcast of an interview with alleged Nazi war criminal Valerian Trifa. These statements were made at an August 15 Board for International Broadcasting meeting.

Yesterday I received a response from another staff member of the National Security Council which I find to be inappropriate, inadequate and inaccurate.

I consider it to be inappropriate because my letter, written to you in my capacity as Subcommittee Chairwoman, was answered by a staff member of the Security Council, a co-worker of Mr. Henze's. This suggests that the White House attaches little importance to the issue I have raised.

I consider the response to be inadequate because it does not address the concerns I enumerated in my December 5 letter. First, it does not indicate whether Mr. Henze's remarks represent the position of, or were sanctioned by, the White House, as he so stated at the August 15 meeting. Second, the response does not discuss the fact that Mr. Henze, both at the Board for International Broadcasting meeting and in discussions with Radio Free Europe employees in Munich, minimized the importance of my Congressional investigation into the Trifa Broadcast. As I noted on December 5, I find even the appearance of counseling non-cooperation by a member of the White House staff to be extremely disturbing, given the past history of inaction by our government in cases of Nazi war criminals living in this country.

I consider the response to be inaccurate because it does not in any way reflect the verbatim transcript of the August 15 Board meeting. The transcript does not "make it very clear that Mr. Henze explicitly shared the view expressed by Ambassador Hayes that the broadcast was an "error of judgment". What the transcript does make explicitly clear is that Mr. Henze stated flatly and unequivocally that concern over the Trifa matter was "silly" and that the White House position was that Trifa "represents an important ethnic group". In fact, Mr. Henze steadfastly refused to retract his comments despite pleas from several participants in the meeting to do so.

Finally, I would note the issue is not, as the response states, that Mr. Henze never indicated any sympathy for Trifa's "alleged past activities", but whether he, or the White House, currently is willing to overlook those activities because Trifa "represents an important ethnic group" and might be able to deliver their votes.

I renew my request that Mr. Henze be dismissed.

Sincerely,

ELIZABETH HOLTZMAN,
Chairwoman.

NATIONAL SECURITY COUNCIL,
Washington, D.C., January 3, 1980.

Hon. ELIZABETH HOLTZMAN,
Chairman, Subcommittee on Immigration, Refugees, and International Law, Washington, D.C.

DEAR CONGRESSWOMAN HOLTZMAN: In response to your letter of December 13, and, in the hope that this matter can be cleared up, let me reiterate the following points:

First, Mr. Henze's comments expressed a personal opinion and not a White House position.

Second, my reading of the informal transcript is that, while Mr. Henze thought the importance given to the Trifa matter "silly" as compared to other key issues affecting the future of the radios, such as relocation, he agreed with Ambassador Hayes that it was an "error of judgment" to have Trifa's interview broadcast. I quote:

Ambassador HAYES: "My real wonder is not that the Trifa matter happened. Even the editor who erred wouldn't have erred had it not been for the rush of a peculiar set of circumstances such as the other Bishop had refused to be interviewed. I think what we all should reassure ourselves about is, are we set up properly to cope with these things. How do we guard against it happening again?"

Mr. HENZE: "Let me just state that I couldn't agree more with what you just said, John. The wonder is that they haven't made more mistakes. . . ."

Third, I signed the letter not as a colleague of Mr. Henze's but in my role as head of the NSC staff and thus directly concerned with anything affecting an NSC staff member. (The National Security Act of 1947 appoints a civilian Executive Secretary to head the NSC staff. By letter, President Nixon directed that when that position is vacant, as it has been for the last 10 years, the duties and responsibilities of that position be carried out by the Staff Secretary.)

I consider this a most unfortunate misunderstanding and hope that we can resolve it. I would be happy to meet with you at your convenience if you wish to discuss it further.

Sincerely,

CHRISTINE DODSON,
Staff Secretary.

COMMITTEE ON THE JUDICIARY,
Washington, D.C., January 23, 1980.

Hon. JIMMY CARTER,
The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I have just returned to Washington for the beginning of the second session of the Ninety-sixth Congress to discover yet another unsatisfactory response from the White House regarding certain statements made by Mr. Paul Henze of the National Security Council staff about a Radio Free Europe broadcast of an interview with alleged Nazi war criminal Valerian Trifa.

I would offer several comments about this latest response.

First, although I have written to you directly twice and have personally spoken to several members of your staff, in view of the signatory (the Staff Secretary of the Security Council), it appears that you continue to attach little importance to this matter. Although Ms. Dodson may be able to answer for the Security Council staff, she certainly is not in a position to speak for you or for the White House. Since Mr. Henze repeatedly invoked the name of the White House during the Board for International Broadcasting meeting in question, I believe it is imperative that you issue an authoritative explanation of this matter. I would note that members of the press who have spoken to Press Secretary Powell and National Security Adviser Brzezinski have also told me of their inability to get a proper White House response to their questions about this issue.

Second, even if Mr. Henze's comments "expressed a personal opinion and not a White House position", as the letter asserts, there is still no explanation as to why you would choose to continue to employ a staff member who holds—and publicly expresses—such views. Doing so suggests that you condone the opinions he expressed.

Third, this latest response still does not address the fact that Mr. Henze, both at the Board for International Broadcasting and in discussions with Radio Free Europe employees in Munich, minimized the importance of my Congressional investigation into the Trifa Broadcast. As I noted in my letters of December 5 and 13, I find even the appearance of counseling non-cooperation by a member of the White House staff to be extremely disturbing, given the past history of inaction by our government in cases of Nazi war criminals living in this country.

Fourth, while the response quotes a portion of the transcript—which is equivocal at best—in Mr. Henze's defense, it makes no attempt to explain either Mr. Henze's unequivocal remarks that concern about the Trifa matter was "silly" and that the White House position was that Trifa "represents an important ethnic group", or his refusal to retract his comments despite pleas from several participants in the meeting to do so.

I do not view this matter as a simple "misunderstanding", although I would agree with Ms. Dodson's characterization that it is "unfortunate". What is unfortunate is that the White House does not seem to grasp the import of what Mr. Henze has said and has chosen to send a series of unsatisfactory responses to my expressions of concern. Further, no action has been taken even short of removal, to suspend Mr. Henze from his relationship with the radios or to reprimand him.

I share Ms. Dodson's hope that this "matter can be cleared up". It will be if Mr. Henze is removed and if you personally condemn his remarks.

Sincerely,

ELIZABETH HOLTZMAN, *Chairwoman.*●

AMERICAN MEMORIALS AND OVERSEAS MILITARY CEMETERIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, one of the programs coming under the jurisdiction of the Veterans' Affairs Committee, Subcommittee on Compensation, Pension, Insurance, and Memorial Affairs, of which I am chairman, is the American Battle Monuments Commission. Currently, the American Battle Monuments Commission administers and maintains 23 permanent American military cemeteries, memorials, and 11 separate monuments in 9 foreign countries, as well as other memorials in the United States. As the Members know, interred in these overseas cemeteries are our war dead of World War I, World War II, and the Mexican War. These cemeteries are closed for burials, except in the possible rare instance where the remains of U.S. war dead may be found from time to time on the battlefields of those wars.

The Commission has a very small staff of civilian personnel. Cemetery superintendents or assistant superintendents must, by law, be U.S. citizens. The great majority of personnel are foreign nationals of the countries where they are employed.

Pursuant to a policy initiated a number of years ago, there has been a concerted effort to reduce the American presence at U.S. overseas installations. This policy, together with budgetary restraints, imposed by the Office of Management and Budget, and losses in funds due to decreasing dollar rates, are serving to require the American Battle Monuments Commission to reduce its personnel below the number which can effectively maintain these shrines to our war dead.

I am, therefore, today introducing a bill which proposes to provide for a minimum number of employees for the American Battle Monuments Commission. It is planned to hold hearings on this proposal at an early date.

More than 6 million persons visit these shrines to our war dead each year. Therefore, since these shrines commemorate the achievements and sacrifices of our Armed Forces, it is imperative that these cemeteries continue to be the most beautiful and meticulously maintained cemeteries and memorials in the world. Establishing a minimum number of personnel will insure that this standard of care will continue.

One of the members of the American Battle Monuments Commission is Gen. Louis H. Wilson, retired Commandant of the U.S. Marine Corps, who has recently made an official inspection of several of our military cemeteries in Europe. In that regard, General Wilson wrote to Hon. W. Bowman Cutter, Executive Associate Director for Budget, Office of Management and Budget, urging the support of the Office of Management and Budget to maintain the capability of the American Battle Monuments Commission to accomplish its sensitive and important mission in a manner which the Congress and the American people expect.●

SALE OF A U.S. GOLD BULLION COIN WOULD HELP REDUCE DEFICITS, FIGHT INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, the soaring price of gold presents the U.S. Government with a rare opportunity to capitalize on the inflated price of an asset we hold in great abundance to help reduce deficits and fight inflation.

Congressman ANNUNZIO, chairman of the Subcommittee on Consumer Affairs of the House Committee on Banking, Finance and Urban Affairs, and I have informed the Secretary of the Treasury that we stand ready to sponsor such legislation as Treasury may request to sell off a small portion of the huge U.S. gold hoard in the form of a new gold bullion coin.

The United States today has a gold reserve of some $200 billion, much more than we need for any conceivable monetary purpose. This represents an unrealized capital gain of some $180 billion. If the Treasury, by some fortune, had acquired a similar hoard of Tiffany glass, French impressionist paintings, or antique furniture, which had increased 20 or 25 times in value, it would be well advised to sell off at least a small part of it. We propose doing the same thing with gold, say, 5 percent of our holdings.

Our letter to Secretary G. William Miller of January 24 explains our reasons for this proposal, and I include that letter at this point:

U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., January 24, 1980.

Hon. G. WILLIAM MILLER,
Secretary of the Treasury,
Washington, D.C.

DEAR SECRETARY MILLER: As a result of the rise in the market price of gold, the United States has a gold reserve of some $200 billion, vastly in excess of any international monetary need. The United States' unrealized capital gain on this gold exceeds $180 billion.

If the Treasury had acquired a portfolio of similar noninterest bearing assets, such as paintings or antiques, which had increased many times in value, prudent management would suggest the sale at advantageous prices of at least a small part of that portfolio.

The Treasury's sale of gold bars in the recent past has had three disadvantages: (1) by reason of their set scheduling, the sales

have missed an opportunity to make a bundle for the taxpayer when the price has been high; (2) because gold has been sold in the form of gold bars, rather than in the form of coins, selling at higher than the bullion price, the Treasury has missed out on a handy premium; and (3) the sale of 400-ounce gold bars means that only the wealthy are interested purchasers, whereas one-ounce coins would be attractive to the smaller investor.

Why not, therefore, sell a newly minted U.S. gold bullion coin, like the South African Krugerrand and the Canadian Maple Leaf, containing one ounce of pure gold at a premium over the gold value, with an extremely low face value, and bearing the likeness of some legendary Americans. (The Canadian one-ounce Maple Leaf has a face value of $50.00.)

Present law, as you know, permits the sale of gold bars, and also of a gold commemorative medallion (Public Law 95-630, November 10, 1978). Only a minor change in existing law would be necessary to authorize the Treasury to issue the gold bullion coins described above, and to sell them throughout the world at the best possible times and prices. The new law would, for reasons of prudence, limit the total amount of such sales to some small fraction of our huge gold hoard.

The gold bullion coin proposal would have the following advantages:

(1) A substantial portion of the projected $16 billion deficit for the next fiscal year could be financed by such gold sales. The psychological effect of a budget in substantial effective balance could make easier balancing the budget in future years.

(2) Because of lessened Federal borrowing, pressure on the money market would be lessened, and interest rates would come down—a consummation devoutly to be wished.

(3) A large proportion of these gold bullion coins could be sold to foreigners, thereby improving our trade balance. It would improve our trade balance even more by diverting purchases of imported foreign gold coins by United States citizens, which came to $728 million in 1978 and $900 million in 1979. An improved trade position would strengthen the dollar, enable us to buy needed imports cheaper, and thus further fight inflation.

We stand ready to sponsor such legislation to carry out the proposal as the Treasury may request, and ask that you and your associates bring your reaction to our proposal before our Committee at an agreeable date within the next few weeks.

Sincerely,

HENRY S. REUSS,
Chairman.

FRANK ANNUNZIO,
Chairman,
Subcommittee on Consumer Affairs.

The advantage of gold bullion coins over medallions is that it can be sold abroad, as well as to Americans, without the sales taxes and tariffs to which medallions are subject.

On January 23 I discussed this proposal on the MacNeil/Lehrer TV show. One of the panelists, Business Week Associate Editor Bruce Nussbaum, disagreed with any sale of gold. Two of the other panelists, however, strongly agreed with the proposal. James Sinclair, a gold dealer who manages the foreign currency and precious metals brokerage firm that bears his name, said:

I think the plan reflects an understanding of the metal for what it is, and also I think the plan, taking advantage of seigniorage, that is, the issuing of gold coins, is an excellent one.

David Mizrachi, who monitors the gold market in his capacity as editor of Mid East Report, also endorsed the sale of a gold bullion coin. "I think it's a very good idea," he said, noting that it would help the balance of payments.

The sale of a small portion of our gold hoard would help reduce the balance-of-payments deficit, help finance the Federal deficit and thus reduce interest rates, and help fight inflation. There is no better purpose to which we could be putting a portion of our vast gold store at this time.●

INTRODUCTION OF CONCURRENT RESOLUTION TO TERMINATE THE MARITIME AGREEMENT WITH THE SOVIET UNION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MURPHY) is recognized for 5 minutes.

● Mr. MURPHY of New York. Mr. Speaker, today Mr. MCCLOSKEY and I, together with 37 cosponsors introduce a concurrent resolution which urges the President to terminate the maritime agreement between the United States and the Union of Soviet Socialist Republics unless the Soviet Union withdraws its military presence from Afghanistan.

The Soviet Union's invasion of Afghanistan has caused worldwide outrage and dismay. Although it has been overwhelmingly condemned by the United Nations General Assembly which has called for the immediate withdrawal of the invading troops, the Soviets have given no evidence of reversing their brutal, expansionist onslaught against a defenseless neighbor nation.

The President has already declared a virtual embargo on grain sales and other critical export products to the Soviet Union, and the Congress is in the process of urging that the 1980 summer Olympics be moved from the Soviet Union, or canceled, unless the Soviet troops are withdrawn.

These measures certainly indicate our Nation's resolve to apply appropriate political and economic pressure. Nevertheless, it is clear that more stringent steps should be taken.

The Soviet Union has made merchant shipping a priority and the U.S.S.R. has the largest merchant fleet in the world—a fleet that far exceed the requirements of its national seaborne trade. The state-owned Soviet fleet is utilized to assist in the expansion of Soviet political, economic, and military policy throughout the world.

On January 1, 1976, an agreement on maritime matters was concluded with the Soviet Union which, at that time, was intended to continue the normalization and expansion of the maritime relationship between the United States and the Soviet Union. This agreement provides for the carriage of bilateral liner and bulk cargoes between the two nations. Under the agreement, 40 specific ports in the United States are open to access by vessels of the Soviet Union, upon 4 days advance notice. Requests for entry to ports not specified in the agreement must be made in writing 14 days prior to call.

In addition to the bilateral carriage, the Soviet Union proceeded to utilize the port access provided by the agreement to penetrate the U.S. liner trades through highly expanded cross trading. Cross trading is the operating of a Soviet vessel, for example, in the trade between Japan and the United States. Moreover, the Soviet Union has operated its merchant fleet, not for normal market motivations, but to fulfill its compelling need for hard currency, and to serve as an operating element of the rapidly expanding Soviet Navy.

We firmly believe that the agreement on maritime matters should be terminated and Soviet vessel access to U.S. ports should be denied unless the Soviet troops are withdrawn.

I ask the House to support this measure which provides the President with one of the most effective available sanctions against the naked, brutal aggression of the Soviet Union.●

NATIONAL ARCHIVES TRUST FUND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

● Mr. PREYER. Mr. Speaker, since the early part of the year the Government Information and Individual Rights Subcommittee, which I chair, has been examining reports of major management problems at the National Archives and Records Service (NARS). Our preliminary findings indicate that many of the problems pertaining to the operation of the National Archives Trust Fund can be corrected only through legislative action.

Yesterday, I introduced two bills, each of which would modify the current statutory authority for the trust fund. One of these bills (H.R. 6334) was developed in conjunction with the General Accounting Office. The other proposal (H.R. 6335) was introduced at the request of the Administrator of General Services, head of the Agency of which the Archives is a component.

Both bills are starting points for discussion. They are the outgrowth of findings presented to the subcommittee in testimony and in the General Accounting Office report entitled, "Improvements Are Needed in the Management of the National Archives Preservation and Trust Fund Activities" (October 26, 1979, LCD-80-13).

Let me provide some background.

Congress established the National Archives Trust Fund in 1941, authorizing a board of trustees to accept and administer gifts and other bequests for the general benefit of the National Archives. The act authorized the Archivist of the United States to charge a price for copies made of historical documents to cover the cost of preparing the copies plus a 10-percent profit. The legislation also provided for the trust fund employees without regard to civil service laws.

From an initial gift of $30,000 from a private donor, the fund has grown considerably. It had $5.1 million in retained

earnings at the close of fiscal year 1978, against sales and expenses during that year of $7 million.

Following are the major problems noted by GAO, and largely confirmed by the GSA Office of Inspector General in its October 1, 1979 report, "Review of Management and Operations of the National Archives and Records Service":

Statutes governing the operation of the fund are vague and broad. Moreover, NARS has taken advantage of this situation and interpreted them to permit a diversity of business-type activities;

The authority to appoint employees without regard to civil service laws has been abused;

There has been an intermixing of trust fund and regularly appropriated activities that has resulted in appropriated money subsidizing trust fund operations;

The cost plus 10 percent pricing authority has been violated to the extent that the markup on some items has been over 400 percent, while others have been sold below cost;

There have been unauthorized charges to Federal agencies for materials and services furnished for official use; and

Although operated as a trust-revolving fund, NARS has not followed business-like practices for accounting, budgeting and reporting. The accounting system for example does not provide adequate cost data, many direct labor costs are not recorded, and financial statements do not match revenues with associated costs.

Some of these problems can be corrected through improvements in accounting systems and more aggressive management. The extent to which one concludes management can correct these problems defines the differences between the two bills I am introducing.

Both bills repeal the direct-hire/excepted appointment authority. Both provide for an annual report by the trust fund to Congress.

H.R. 6335. the bill authored by the General Services Administration, transfers existing authority over the Fund from the Archivist to the Administrator of General Services, who becomes Chairman of the Board. It relies primarily on improved management to correct present ills.

The other bill, H.R. 6334, leaves the Trust Fund Board with its current composition, but sets limits on those provisions of law that appear to have invited the abuses outlined above.

Hearings will be held by the subcommittee on these proposals early next year. The purpose of our continuing oversight of the National Archives is to develop legislative and administrative recommendations that will improve its operation and strengthen support for its basic mission, to preserve our government's history.

Anyone having questions can contact the subcommittee office at (202) 225–3741.●

AGENT ORANGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes.

● Mr. DASCHLE. Mr. Speaker, from 1962 to 1971, the Air Force in "Operation Ranchhand" sprayed over 10½ million gallons of agent orange and its toxic contaminant, dioxin, over much of Vietnam. Intended to defoliate jungle canopy hiding Vietcong and North Vietnamese troops and supply routes, it now appears that agent orange may have had more serious consequences on the American soldiers who fought there than the enemy. The Veterans' Administration has estimated that over 2.4 million veterans may have been exposed to agent orange while stationed in Vietnam, and recently the General Accounting Office disclosed that several thousand marines were in areas sprayed with agent orange only days before. This shocking news is magnified by the fact that very little is known about agent orange, especially the long-term biological and physiological effects on human beings.

What is known, however, is that the spraying of agent orange was stopped in 1971 after South Vietnamese newspapers began to report unusually high incidences of miscarriages and birth defects in newborn children. Additionally, the use of dioxin in the United States was banned this past year as the Environmental Protection Agency issued an emergency suspension order—the first in its history—again, after abnormally high cases of birth defects and miscarriages.

One thing certain is that agent orange has been found to be carcinogenic and teratogenic—causing birth defects—in lab animals. The connotations are ominous. Other symptoms include skin rashes, weight fluctuations, irritability, and impotence.

Finally, in recent weeks some significant actions have occurred. President Carter has ordered an interagency task force to look further into the long-term effects of agent orange exposure. This move will coordinate the various interdepartmental studies going on and insure that duplication of efforts does not occur. Also, in legislation sent to the President several weeks ago, the Veterans' Administration was directed to begin epidemiology studies to look further into this matter.

Probably the most important new development, however, is the discovery of traces of dioxin in veterans exposed to agent orange in Vietnam. This development could have a profound effect on the fundamental issue thus far missing, but addressed in my legislation. And that is what will be done for these veterans who thought the war in Vietnam was over long ago, only to find now that they are still battling a mysterious substance about which little is known and which may perhaps be more devastating to them and to their offspring than any bombs or bullets.

Th's, Mr. Speaker, is the paramount question and one that will have far reaching implications for the Government on other issues where a careless or callous attitude has been taken regarding the effects of hazardous substances on human life. The time is now to address the issue of compensation to the victim and his family. I have no doubt that many thousands of veterans and their families around the country have been affected to some degree by agent orange.

Recently, I have been told that many of our veterans' service organizations have been inundated with calls from veterans who feel they have been exposed to this deadly compound and several mentioned the fact that they had lost children, all within a few hours of birth, and all born severely disfigured and deformed. This legislation will authorize compensation to the veteran who has been exposed, and to his family.

Mr. Speaker, this is but small consolation for the loss of a child, but at least our Vietnam veterans will feel that their Government has finally faced up to the problem and not swept it under the rug as has been the case regarding a number of other problems common among our veterans who served during the Vietnam war.

Mr. Speaker, it is my hope that other Members of Congres will realize the importance and significance of this legislation and see fit to cosponsor and advocate on its behalf. It is the least we can do. I insert the text of the bill into the RECORD:

H.R. 6377

A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to phenoxy herbicides contaminated by dioxins.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vietnam Era Veterans Agent Orange Act".

SEC. 2. Section 312 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) For the purposes of section 310 of this title and subject to the provisions of section 313 of this title, in the case of any veteran who served for ninety days or more during the Vietnam era (A) who is suffering from a disease developed to a 10 per centum degree of disability or more that has been determined under paragraph (3)(A) of this subsection to be a disease that may be caused by exposure to phenoxy herbicides contaminated by dioxins, and (B) who during such service was exposed to phenoxy herbicides contaminated by dioxins, as determined in accordance with regulations prescribed by the Administrator under paragraph (3)(C) of this subsection, such disease shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of service.

"(2) If the Administrator determines under paragraph (3)(B) of this subsection that exposure to phenoxy herbicides contaminated by dioxins may cause birth defects in the natural children of persons so exposed, then in the case of any person who—

"(A) is the natural son or daughter of a veteran who served for ninety days or more during the Vietnam era and during such service was exposed to phenoxy herbicides contaminated by dioxins, as determined in accordance with regulations prescribed by the Administrator under paragraph (3)(C) of this subsection; and

"(B) is suffering from a birth defect that in an adult is disabling to a degree of 10 per centum or more and that has been determined by the Administrator under paragraph (3)(B) of this subsection to be a birth

defect that may be caused by exposure of one of the parents of a child to phenoxy herbicides contaminated by dioxins;
such person shall be deemed for the purposes of this chapter to be a veteran of a period of war and such birth defect shall be deemed for the purposes of this chapter to be an aggravation of a preexisting injury suffered in line of duty in the active military, naval, or in service during a period of war.

"(3)(A) The Administrator shall determine, and shall promulgate by regulation, what diseases medical research has shown may be due to exposure to phenoxy herbicides contaminated by dioxins. The Administrator shall include in such regulations a specification of the standards used by the Administrator in making such determination.

"(B) The Administrator shall determine, and shall promulgate by regulation, what birth defects, if any, may be mutagenic birth defects resulting from exposure of the parent of a child to phenoxy herbicides contaminated by dioxins. The Administrator shall include in such regulations a specification of the standards used by the Administrator in making such determination.

"(C) The Administrator shall promulgate by regulation the conditions of service during the Vietnam era required to establish exposure of a veteran to phenoxy herbicides contaminated by dioxins for the purposes of paragraphs (1) and (2) of this subsection. Such regulations may not require that a veteran be required to provide any information to the Veterans' Administration for the purpose of determining such exposure beyond the information contained in the veteran's discharge papers and shall establish a presumption of exposure of a veteran to phenoxy herbicides contaminated by dioxins when Department of Defense records, information supplied by the veteran, and other information establish a possibility of such exposure. The Administrator shall include in such regulations a specification of the standards used by the Administrator in establishing what conditions of service are required to establish such exposure to phenoxy herbicides contaminated by dioxins.

"(4) Notwithstanding any other provision of law, section 553 of title 5, relating to agency rule making, shall apply to the promulgation of regulations under paragraph (3) of this subsection, and such regulations shall be made on the record after opportunity for an agency hearing in accordance with sections 556 and 557 of such title. Such regulations shall be subject to judicial review in accordance with chapter 7 of such title.

"(5) The Administrator shall complete final agency action on the regulations required to be promulgated by paragraph (3) of this subsection not later than the end of the one-year period beginning on the date of the enactment of the Vietnam Era Veterans Agent Orange Act and shall publish such regulations at the same time as one set of regulations.".●

HON. MICHAEL SYNAR DEMONSTRATES HIGH STANDARD OF PERFORMANCE

(Mr. BROOKS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROOKS. Mr. Speaker, the New York Times recently printed a story about our colleague, MIKE SYNAR, the gentleman from Oklahoma. I think it portrays accurately the sense of dedication and the high standard of performance that MIKE brings to his job, and which we who serve with him on the Government Operations Committee have come to know and appreciate.

That his qualities are also recognized outside Congress is shown by his recent selection by the Junior Chamber of Commerce as one of the 10 outstanding young men in the country, for which I congratulate him.

I include the Times article in the RECORD:

YEAR IN HOUSE TEACHES POWER OF LOBBIES
(By Steven V. Roberts)

MUSKOGEE, OKLA., January 19.—Since Congress adjourned last month, Representative Michael L. Synar has been traveling around his district in northeastern Oklahoma. And at almost every stop, elderly voters have expressed fear that Congress was about to impose a tax on Social Security benefits.

Since such a tax stands almost no chance of passage by Congress, Mr. Synar was stunned at the desperate urgency that struck him like a gale-force wind racing across the Oklahoma plains. With a little scrutiny, he discovered that special interest groups representing the elderly had warned their members that a tax was imminent.

"One of the major problems I have is the amount of misinformation coming out of Washington to the people of Oklahoma," he said. Discussing the situation over a lunch of finger-licking barbecue here in his hometown, he added: "You have groups who try to excite and persuade individuals that things are going to happen when it's just not true. They're lying to people, trying to get them to contribute to their lobbying operations."

POWER OF SPECIAL INTERESTS

A year ago Mike Synar arrived in Washington, a newly minted freshman, and The New York Times has since been reporting occasionally on his education as a lawmaker. As his second year in office begins, he feels that he has learned at least one profound lesson: the power of special interest groups seems to be rising as fast as the price of gold.

"Through their computers," explained the 29-year-old lawmaker, "these groups get to more of my voters, more often and with more information than any elected official can do. I'm competing to represent my district against the lobbyists and the special interests."

As he looks toward the second session of the 96th Congress, Mr. Synar is determined to promote legislation that will limit the political contributions made by special interests and force lobbyists to disclose more about their finances and activities.

"You talk about the press as the fourth branch of government, but the press is just observers compared to the special interests and the lobbyists," he asserted. "And since they've taken over such a role in government, I think they should make the same sort of financial disclosures that I do."

FINDS INFORMATION WRONG

As the Social Security issue illustrates, lobbyists derive power from their ability to feed information to the public, information Mr. Synar believes is often biased or wrong. But they also supply considerable data to the Congressmen themselves.

"I'd rather have the staff capability to do our own research, but we don't," said Bill Bullard, the Congressman's administrative assistant. "So we rely on lobbyists for a great deal of information, and that bothers me. They've got a product to sell, and of course they slant the information."

In the last year, Mr. Synar has also been struck by the ability of lobbying organizations to generate pressure on him from back home. One example was the bill to control rising hospital costs. He was deluged with protests from the administrators of all 26 hospitals in his district, even though only two institutions were large enough to fall under the proposal. In the end, he voted with the majority of the House to kill the bill.

Looming behind all this pressure is the power of money. Mr. Synar refuses to accept contributions from political action committees that are not based in Oklahoma, and that means he returns many checks.

PROBLEMS FOR LOBBYISTS

"That's caused a lot of problems for the lobbyists," the young lawmaker said laughing, clearly relishing the thought. "They don't know how to get to me. The way people determine who you are in Washington is not how you vote but who you get your money from."

He believes that he has learned something else in Washington—that there are no easy answers. But he says that the whole system—lobbyists, politicians and reporters—conspires to convince the voters that simplistic solutions do exist.

"Those words—balanced budget, gun control, strong national defense—they're so deceiving of what's going on," he complained. "A candidate who can afford to go on TV sells an issue in a 30-second spot. They play on fears, they demogogue it. I come home and I hear that Mike Synar voted against prayer in schools. Mike Synar did no such thing, but that's the buzzword."

After a year, the Congressman is frankly disappointed in some colleagues, particularly those who blanch at the thought of offending a special interest group. Others, he believes, care too much about regional interests and not enough about the country as a whole.

"The parochialism is real bad," said the freshman, who often casts more liberal votes than the rest of his state delegation. "That causes potentially good members to be mediocre members."

It has been a long, hard year for Mike Synar. To secure his base in the district he has gone home 33 times, and the young bachelor is left with little time for social life or recreation.

In terms of legislation, he received no top committee assignments and has yet to make his first floor speech.

But occasionally the student has turned teacher. After he sent out a newsletter to his district, devoted mainly to energy-saving tips, a senior Democrat did the same thing.

"That made me feel good," said the freshman. "Someone older was imitating us."

JAMES T. McINTYRE IS DOING AN OUTSTANDING JOB

(Mr. BROOKS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROOKS. Mr. Speaker, I was pleased to see the other day a story on the front page of the New York Times commending the performance of James T. McIntyre as Director of the Office of Management and Budget and describing him as one of the most influential members of the Carter administration. I could have told the Times that a long time ago. Jim McIntyre is doing an outstanding job for the administration and for the American people.

I include the article in the RECORD:

WITH NEW BUDGET, DUE TODAY, McINTYRE GAINS AS A CARTER AIDE
(By Steven R. Weisman)

WASHINGTON, January 27.—When President Carter's Cabinet secretaries met at the White House for a preview of the Federal budget

that is to be submitted to Congress tomorrow, James T. McIntyre Jr., director of the Office of Management and Budget, informed them in somber tones that Mr. Carter had decided at the last minute to cut spending by a staggering $100 billion. The secretaries stared in disbelief.

Actually, there are no deep cuts in the 1981 budget—Mr. McIntyre was just making fun of his reputation as the fierce fiscal avenger of the Carter Administration.

More than one person at the meeting observed afterward that the director would never have indulged in such self-parody a year ago. Then Mr. McIntyre, a low-key, 39-year-old Georgian, was still looked upon as a person growing into one of the most critical jobs in government. With the new budget, however, he is acknowledged by colleagues to have gained increasing confidence and to have come into his own as one of the most influential members of the Carter Administration.

CRAFTSMAN FOR CORNERSTONE

Specifically, he is seen as the principal craftsman of a cornerstone of the President's re-election campaign: a budget for next year in excess of $615 billion, marked by proposed spending increases for the military and a few popular domestic programs—and a halving of the deficit to about $15 billion. The budget is expected to contain no tax reductions, but proposed cuts are considered possible later in the year.

"It is not what I would call an austerity budget, not by comparison to last year," Mr. McIntyre acknowledged, noting that spending in many areas was going up. "But," he added, "I've looked through there again and again to find something we could cut without suffering adverse consequences, and I can't find it."

As he sees it, the newly proposed 1981 budget for submission tomorrow represents a two-year fiscal and political strategy that he and his advisers pressed on Mr. Carter some time ago.

Back in 1978, they privately suggested a budget for the 1980 fiscal year that would embody the sharpest real cutbacks in spending programs in many years. The strategy was to leave room for spending growth so the President could have latitude for new initiatives as he runs for reelection this year.

As it turned out, his recommendations were largely accepted in the last 12 months, not only by Mr. Carter but, perhaps more important, by a fiscally conservative Congress. Thus the current year's budget reflects reductions, some quite deep and painful, in certain education, health and public service job programs, an unusual occurrence for a Democratic President.

When Mr. Carter was considering whether to propose these cutbacks, some of the most bitter fights of his Administration occurred between Mr. McIntyre and the more liberal figures in the White House, especially Vice President Mondale and Stuart E. Eizenstat, assistant to the President for domestic affairs, and such Cabinet members as Joseph A. Califano Jr., then the Secretary of Health, Education and Welfare, and Patricia Roberts Harris, then the Secretary of Housing and Urban Development.

Today some of those involved in those fights agree that, in retrospect, a tighter budget posture in the last year has paid off for President Carter politically at a time of popular tax revolts across the country.

"Stu thought those cuts were a disaster, and so did his staff," said a White House aide. "But they turned out to be one of the best single things we ever did. And Jim was the primary person reminding the President of the importance of keeping spending down. Of course, it doesn't take much to remind the President because he already believes it."

There is little doubt that, because his views won out previously, Mr. McIntyre participated in the preparation of next year's budget with increased stature, measured in many ways that illustrate how a budget is put together.

Last Dec. 22, on a misty, gray Saturday, for instance, Mr. McIntyre and his staff joined Mr. Eizenstat for a three-hour marathon to work out final decisions on the budget at the Presidential retreat, Camp David, Md. At issue were nearly $10 billion in possible "add-backs"—some 30 spending items the President could add to the budget, which would increase the deficit. Only $2 billion was added.

No one suggests that Mr. McIntyre's views are accepted uniformly. He fought hard against giving Congress an outline of the Administration's military spending plans last month. While House proponents of the strategic arms limitation treaty with the Soviet Union were seeking disclosure of the spending plans to placate those senators wavering in their support of the treaty.

"Jim was afraid that if we tipped off our defense plans, our spending ceilings would become floors and Congress would feel obligated to add to whatever we proposed," said an aide to the Budget Director, Mr. McIntyre lost, however, and today he says he does not regret it. Giving out the numbers early turns out to have strengthened Mr. Carter's hand in meeting the new challenge from the Soviet intervention in Afghanistan, he says.

Nor has Mr. McIntyre won all his fights with Cabinet members. Last year, Mrs. Harris disagreed with him over housing subsidies when he asked that more of the money be spent on housing rehabilitation, less on new construction.

Mrs. Harris, a tough bureaucratic infighter who has been known to express herself loudly and bluntly, took Mr. McIntyre on and got the President to overrule him on the issue. This year, Mr. McIntyre tried again, but he met with the same wall of opposition from Mrs. Harris's successor, Secretary Moon Landrieu.

SUCCESSOR TO LANCE

Even Mr. McIntyre's fans say it has not always been this way, however. When he rose from deputy director to director of O.M.B. at the end of 1977, they recall, he did indeed feel overwhelmed by the demands of running one of the most powerful agencies of the Federal Government. The job fell to him abruptly after the resignation of the ebullient Bert Lance, at a time of great demoralization and paralysis because of Mr. Lance's financial problems.

"Bert was like a Deputy President," said a budget official. "He was chief economic spokesman and friend-maker for Carter. Jim had always been a nuts-and-bolts man, and it was a rude shock when he had to go to a position of predominance."

Although Mr. McIntyre had had a long relationship with the President, whom he served as state budget director when Mr. Carter was Governor of Georgia, he did not have the personal bond that Mr. Lance did.

Since then, Mr. Carter and Mr. McIntyre have developed a closer personal friendship. When the President flew to Camp David at Christmastime, he took budget memorandums from Mr. McIntyre and baklava baked by his wife Maureen. The McIntyres have a five-acre place in Virginia, 20 miles from Washington, where Mr. McIntyre built a barn himself to shelter their two ponies and six horses. One occasional visitor for weekend riding has been Amy Carter.

Mr. McIntyre's critics argue that he is too much of a "green-eyeshade type," as one put it, a reflective nay-sayer who cares little about the value of programs. His defenders suggest that at least part of this reputation comes from the way he likes to challenge expenditures in meetings, even if it means playing devil's advocate.

An Administration official said: "At meetings with Cabinet secretaries, Jim will occasionally say beforehand, 'Mr. President, I'm going to argue this line, and let's just see how hard they'll press. But it's not going to mess up the budget if you give a little.' "

"Jim is more confident because he knows the President knows that his job is to be unpopular," said a McIntyre aide. "He knows the President won't misunderstand his role. These days, when there are disagreements within the Administration they tend to be gentlemanly. There is much more esprit around here than ever."

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BROWN of Ohio) to revise and extend their remarks and include extraneous matter:)

Mr. KEMP, for 10 minutes, today.
Mr. GRASSLEY, for 5 minutes, today.
Mr. COLLINS of Texas, for 15 minutes, today.
Mr. DERWINSKI, for 5 minutes, today.
Mr. GILMAN, for 5 minutes, today.
Mr. BROWN of Ohio, for 30 minutes, today.

(The following Members (at the request of Mr. PATTERSON) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. MARKEY, for 5 minutes, today.
Mr. ASHLEY, for 5 minutes, today.
Ms. HOLTZMAN, for 30 minutes, today.
Mr. MONTGOMERY, for 5 minutes, today.
Mr. REUSS, for 10 minutes, today.
Mr. GLICKMAN, for 5 minutes, today.
Mr. MURPHY of New York, for 5 minutes, today.
Mr. PREYER, for 5 minutes, today.
Mr. DASCHLE, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. JOHNSON of California to insert remarks prior to vote on Matsui substitute amendment.

Mr. JOHNSON of California and Mr. EDWARDS of California to revise and extend their remarks prior to vote on Matsui substitute amendment.

(The following Members (at the request of Mr. BROWN of Ohio) and to include extraneous matter:)

Mr. SOLOMON in two instances.
Mr. ROTH.
Mr. KEMP in two instances.
Mr. DANNEMEYER in two instances.
Mr. MCCLOSKEY.
Mr. HINSON.
Mr. HILLIS.
Mr. ROYER in two instances.
Mr. CORCORAN in two instances.
Mr. PAUL in four instances.
Mr. DERWINSKI.
Mr. RHODES.
Mr. STOCKMAN.
Mr. LAGOMARSINO.
Mr. FRENZEL in five instances.
Mr. MOORE.

(The following Members (at the request of Mr. PATTERSON) and to include extraneous material:)

Mr. SOLARZ in three instances.
Mr. ALEXANDER.
Mr. PICKLE in 10 instances.
Mr. YATRON.
Mr. LLOYD.
Mr. ASPIN.
Mr. HUCKABY.
Mr. HARRIS.
Ms. HOLTZMAN.
Mr. MAVROULES.
Mr. RATCHFORD.
Mr. HAMILTON.
Mr. NATCHER.
Mr. MONTGOMERY.
Ms. MIKULSKI.
Mr. EDGAR.
Mr. STUDDS in two instances.
Mr. BEDELL.
Mr. DELLUMS.
Mr. MCDONALD in five instances.
Mr. STARK in two instances.
Mr. OBERSTAR.

ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4320. An act to consent to the amended Bear River Compact between the States of Utah, Idaho, and Wyoming.

ADJOURNMENT

Mr. PATTERSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Thursday, January 31, 1980, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3334. A letter from the Deputy Assistant Secretary of the Army for Installations and Housing, transmitting a report covering fiscal year 1979 on military construction contracts awarded by the Army without formal advertisement, pursuant to section 604 of Public Law 95-356; to the Committee on Armed Services.

3335. A letter from the Assistant Secretary of the Navy (Manpower, Reserve Affairs, and Logistics), transmitting notice that a study has been conducted and a decision made to expand the existing food services contract at the Naval Training Center, Great Lakes, Ill., pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

3336. A letter from the Assistant Secretary of the Navy (Manpower, Reserve Affairs and Logistics), transmitting notice that a study has been conducted and a decision made to convert the function of key punching at the Fleet Accounting and Disbursing Center, San Diego, Calif., from a function performed by Department of Defense employees to a private contractor, pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

3337. A letter from the Director, Federal Emergency Management Agency, transmitting a report that the Agency acquired no real or personal property during the quarter ended December 31, 1979, pursuant to section 201(h) of the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

3338. A letter from the Manager of Corporate Accounting, Potomac Electric Power Co., transmitting the company's balance sheet as of December 31, 1979, filed with the Public Service Commission of the District of Columbia, pursuant to section 8 of the act of March 4, 1913; to the Committee on the District of Columbia.

3339. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the President's intention to exercise the authority of section 610(a) of the Foreign Assistance Act of 1961, as amended, to transfer certain funds appropriated for the Economic Support Fund under section 531 of the act, to be combined with funds for Peacekeeping Operations under section 552 of the act, and to be available for the purposes of the Sinai Support Mission; to the Committee on Foreign Affairs.

3340. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on Interior and Insular Affairs.

3341. A letter from the Deputy Assistant Secretary of the Interior for Indian Affairs, transmitting a draft of proposed legislation to provide for the distribution of Warm Springs judgment funds awarded in Docket 198 before the Indian Claims Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

3342. A letter from the Secretary of Health, Education, and Welfare, transmitting the annual report for fiscal year 1979 on the emergency medical services program, pursuant to section 1210 of the Public Health Service Act; to the Committee on Interstate and Foreign Commerce.

3343. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on Wishart Point Channel, Va., in response to a resolution of the Committee on Public Works and Transportation of the U.S. House of Representatives, adopted December 9, 1975; to the Committee on Public Works and Transportation.

3344. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards, including certain special statutory programs, and for other purposes; to the Committee on Science and Technology.

3345. A letter from the Assistant Director for Legislative and Public Affairs, International Development Cooperation Agency, transmitting a report on progress in developing a standard to govern the allocation of development assistance for production and export of commodities in surplus in world markets, pursuant to section 610 of Public Law 95-481; jointly, to the Committees on Foreign Affairs and Appropriations.

3346. A letter from the Comptroller General of the United States, transmitting a report on the results of the Army's most recent testing of the XM1 tank, (PSAD-80-20, January 29, 1980); jointly, to the Committees on Government Operations and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PATTERSON: Select Committee on Comittees. House Resolution 549. Amending the Rules of the House of Representatives to establish a standing committee on energy (Rept. No. 96-741). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 533. To extend the filing date of the final report of the Select Committee on Committees (Rept. No. 96-742). Referred to the House Calendar.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2102. Pertaining to the inheritance of trust or restricted land on the Standing Rock Sioux Reservation, North Dakota and South Dakota, with amendment (Rept. No. 96-743). Referred to the Committee of the Whole House on the State of the Union.

Mr. DANIELSON: Committee on the Judiciary. H.R. 2475. For the relief of Isaac David Cosson, with amendment (Rept. No. 96-744). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOLEY:

H.R. 6340. A bill to amend the Emergency Agricultural Credit Adjustment Act of 1978 and the Commodity Credit Corporation Charter Act to extend and increase certain agricultural loan programs, and for other purposes; to the Committee on Agriculture.

By Mr. BINGHAM:

H.R. 6341. A bill to amend title V of the Social Security Act to require States to provide women access to their obstetric medical records and current information on obstetrical procedures, to amend the Federal Food, Drug, and Cosmetic Act to require the dissemination of information on the effects and risks of drugs and devices on the health of pregnant and parturient women and of prospective and developing children, and to provide for a study on the delayed long-term effect on child development of obstetrical drugs and procedures administered to or used by pregnant and parturient women; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. DEVINE:

H.R. 6342. A bill to provide for the blocking of assets of any country which violates international law with respect to the arrest or detention of U.S. citizens, and to provide for the compensation of those citizens from those assets; to the Committee on Foreign Affairs.

By Mr. EVANS of Indiana:

H.R. 6343. A bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions; to the Committee on Ways and Means.

By Mr. GAYDOS:

H.R. 6344. A bill to amend title II of the Social Security Act to reaffirm the fact that benefits payable thereunder are exempt from all taxation; to the Committee on Ways and Means.

By Mr. JACOBS:

H.R. 6345. A bill to amend the Federal Election Campaign Act of 1971 to disallow the personal use of amounts received as contributions; to the Committee on House Administration.

By Mr. LEWIS:

H.R. 6346. A bill to amend the Internal Revenue Code of 1954 to provide for a definition of the term "artificial bait"; to the Committee on Ways and Means.

By Mr. LUKEN:

H.R. 6347. A bill to improve the intelligence system of the United States, and for other purposes; jointly, to the Committees

on Foreign Affairs and permanent Select Committee on Intelligence.

By Ms. MIKULSKI (for herself, Mr. PEPPER, and Mr. THOMPSON):

H.R. 6348. A bill to amend title 5, United States Code, to provide for access to a certified nurse-midwife without prior referral in the Federal employee health benefits program; to the Committee on Post Office and Civil Service.

H.R. 6349. A bill to amend titles XVIII and XIX of the Social Security Act to provide for inclusion of services rendered by a certified nurse-midwife under the medicare and medicaid programs; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. MITCHELL of Maryland (for himself, Mr. NEAL, Mr. D'AMOURS, Mr. BARNARD, Mr. MATTOX, Mr. CAVANAUGH, Mr. HANSEN, and Mr. PAUL):

H.R. 6350. A bill to amend the Federal Reserve Act to require that detailed minutes of Federal Open Market Committee meetings shall be published on a deferred basis; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MONTGOMERY:

H.R. 6351. A bill to amend title 38 of the United States Code to provide certain National Service Life Insurance policyholders an opportunity to double their National Service Life Insurance coverage; to the Committee on Veterans' Affairs.

H.R. 6352. A bill to amend section 1902 of title 38, United States Code, to extend eligibility for automobile adaptive equipment to certain additional veterans; to the Committee on Veterans' Affairs.

H.R. 6353. A bill to amend title 38, United States Code, to permit the exchange of 5-year level premium term policies of National Service Life Insurance to special endowment at age 96 plans; to the Committee on Veterans' Affairs.

H.R. 6354. A bill to amend title 38, United States Code, to extend from 60 to 120 days the period between notice of, and the effective date for, any reduction or discontinuance of veterans' compensation, dependency and indemnity compensation, or pension; to the Committee on Veterans' Affairs.

H.R. 6355. A bill to provide for a minimum number of employees for the American Battle Monuments Commission; to the Committee on Veterans' Affairs.

By Mr. MONTGOMERY (for himself and Mrs. FENWICK):

H.R. 6356. A bill to provide for the investment of contributions received by the American Battle Monuments Commission; to the Committee on Veterans' Affairs.

By Mr. MONTGOMERY (by request):

H.R. 6357. A bill to amend title 38, United States Code, to increase the rate of compensation payable to veterans who have lost or lost the use of both upper extremities as the result of service-connected disability to the Committee on Veterans' Affairs.

By Mr. PAUL:

H.R. 6358. A bill to limit U.S. contributions to the United Nations; to the Commitee on Foreign Affairs.

H.R. 6359. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for certain social security taxes; to the Committee on Ways and Means.

H.R. 6360. A bill to repeal certain provisions of law relating to the private carriage of letters, and for other purposes; jointly, to the Committees on Post Office and Civil Service and the Judiciary.

By Mr. PEYSER:

H.R. 6361. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 in order to suspend temporarily the use of bioaccumulation and biomagnification testing in the evaluation of applications relating to ocean dumping of dredged material, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. PRICE (for himself and Mr. BOB WILSON) (by request):

H.R. 6362. A bill to amend title 10, United States Code, to provide for the investigation of accidents involving aircraft of an armed force and to clarify the use of reports of such investigations; to the Committee on Armed Services.

By Mr. ROBERTS (by request):

H.R. 6363. A bill to amend chapter 19, title 38 United States Code, so as to provide a statutory total disability for insurance purposes to any veteran who has undergone kidney or heart transplants; to the Committee on Veterans' Affairs.

H.R. 6364. A bill to amend title 38, United States Code, Chapter 15, to improve the death and disability pension program for veterans and their dependents; to the Committee on Veterans' Affairs.

H.R. 6365. A bill to amend title 38, United States Code, to extend community nursing home care at Veterans Administration expense to 9 months; to the Committee on Veterans' Affairs.

H.R. 6366. A bill to amend ttile 38, United States Code, to provide hospital and medical care to certain members of the Canadian Armed Forces; to the Committee on Veterans' Affairs.

H.R. 6367. A bill to amend title 38, United States Code, to permit veterans enrolled as full time students in the Spring quarter or semester to continue their work study program during the summer break; to the Committee on Veterans' Affairs.

H.R. 6368. A bill to amend title 38, United States Code, to provide for additional compensation for any veteran who has suffered loss or loss of use of one lung or one kidney; to the Committee on Veterans' Affairs.

H.R. 6369. A bill to amend 38 U.S.C. 301(3) so as to include lupus erythematosis among the chronic diseases; to the Committee on Veterans' Affairs.

By Mr. SKELTON (for himself and Mr. GEPHARDT):

H.R. 6370. A bill to amend the Commodity Credit Corporation Charter Act to establish a revolving fund to finance short-term export credit sales of agricultural commodities produced in the United States; to the Committee on Foreign Affairs.

By Mr. SOLOMON:

H.R. 6371. A bill to amend title II of the Social Security Act to make it clear that social security benefits are and will continue to be exempt from all taxation; to the Committee on Ways and Means.

By Mrs. SPELLMAN:

H.R. 6372. A bill to amend title 5, United States Code, to provide for voluntary withholding of State income tax for civil service annuitants; to the Committee on Post Office and Civil Service.

H.R. 6373. A bill to amend section 225 of the Federal Salary Act of 1967, as amended; to the Committee on Post Office and Civil Service.

By Mr. AKAKA (for himself, Mr. BEDELL, Mr. CHAPPELL, Mr. FARY, Mr. FORSYTHE, Mr. FRENZEL, Mr. GINGRICH, Mr. GINN, Mr. MOAKLEY, Mr. NATCHER, Mr. NOLAN, Mr. OBERSTAR, Mr. MINETA, Mr. MOTTL, Mr. MURPHY of Illinois, Mr. MYERS of Pennsylvania, Mr. PURSELL, Mr. RICHMOND, Mr. ROE, Mr. WOLPE, Mrs. HECKLER, Mr. JONES of North Carolina, Mr. SKELTON, Mr. WRIGHT, Mr. BONER of Tennessee, Mr. BARNARD, Mr. FORD of Michigan, Mr. JONES of Tennessee, Mr. APPLEGATE, Mr. BAILEY, Mr. HANLEY, Mrs. BOUQUARD, and Mr. D'AMOURS):

H.R. 6374. A bill to authorize the President of the United States to present on behalf of the Congress a specially struck gold medal to Ambassador Kenneth Taylor; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BROWN of Ohio:

H.R. 6375. A bill to amend the Internal Revenue Code of 1954 to exclude certain interest received by individuals from gross income; to the Committee on Ways and Means.

By Mr. DASCHLE:

H.R. 6376. A bill to provide price support for producers of sunflower seeds through loans and purchases by the Secretary of Agriculture; to the Committee on Agriculture.

H.R. 6377. A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to phenoxy herbicides contaminated by dioxins; to the Committee on Veterans' Affairs.

By Mr. ENGLISH:

H.J. Res. 490. Joint resolution to require continuation of rail service by the Chicago, Rock Island, and Pacific Railroad through August 31, 1980; to the Committee on Interstate and Foreign Commerce.

By Mr. PAUL:

H.J. Res. 491. Joint resolution proposing an amendment to the Constitution of the United States to limit the number of years any individual may serve as a Federal judge or magistrate; to the Committee on the Judiciary.

H.J. Res. 492. Joint resolution proposing an amendment to the Constitution of the United States relative to force and effect of treaties and Executive agreements; to the Committee on the Judiciary.

By Mr. HOWARD (for himself, Mr. MOAKLEY, Mr. ADDABBO, Mr. AKAKA, Mr. ALBOSTA, Mr. ANDREWS of North Dakota, Mr. ANNUNZIO, Mr. ANTHONY, Mr. ARCHER, Mr. ASHBROOK, Mr. BAILEY, Mr. BARNES, Mr. BEILENSON, Mr. BEREUTER, Mr. BLANCHARD, Mr. BRADEMAS, Mr. BROOMFIELD, Mr. BAUMAN, Mr. CAVANAUGH, Mr. CHAPPELL, Mrs. CHISHOLM, Mr. CLINGER, Mr. CARR, Mr. CARTER, Mr. COLLINS of Texas, Mr. CONABLE, Mr. CONTE, Mr. CORRADA, Mr. COUGHLIN, Mr. COURTER, Mr. PHILIP M. CRANE, Mr. D'AMOURS, Mr. DANNEMEYER, Mr. DAN DANIEL, Mr. DAVIS of Michigan, Mr. DERRICK, Mr. DERWINSKI, Mr. DICKINSON, Mr. DIGGS, Mr. DODD, Mr. DONNELLY, Mr. DORNAN, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DUNCAN of Oregon, Mr. ECKHARDT, Mr. EDGAR, Mr. EDWARDS of California, Mr. EMERY, Mr. ERDAHL, Mr. EVANS of Georgia, Mr. EVANS of Indiana, Mr. FARY, Mr. FASCELL, Ms. FERRARO, Mr. FISH, Mr. FISHER, Mr. FITHIAN, Mr. FLOOD, Mr. FLORIO, Mr. FOLEY, Mr. FORD of Michigan, Mr. FORD of Tennessee, Mr. FORSYTHE, Mr. FOUNTAIN, Mr. FOWLER, Mr. FRENZEL, Mr. FROST, Mr. GARCIA, Mr. GIBBONS, Mr. GILMAN, Mr. GINGRICH, Mr. GINN, Mr. GLICKMAN, Mr. GOLDWATER, Mr. GOODLING, Mr. GORE, Mr. GREEN, Mr. GRISHAM, Mr. GUDGER, Mr. HAGEDORN, Mr. HANCE, Mr. HANLEY, Mr. HARRIS, Mrs. HECKLER, Mr. HEFNER, Mr. HIGHTOWER, Mr. HINSON, Mr. HUBBARD, Mr. HUGHES, Mr. HYDE, Mr. JEFFORDS, Mr. JEFFRIES, Mr. JENRETTE, Mr. JOHNSON of California, Mr. JOHNSON of Colorado, Mr. JONES of North Carolina, Mr. KAZEN, Mr. KINDNESS, Mr. KOGOVSEK, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LEATH of Texas, Mr. LELAND, Mr. LENT, Mr. LEWIS, Mr. LIVINGSTON, Mr. LUJAN, Mr. LUKEN, Mr. MCCLORY, Mr. MCCLOSKEY, Mr. MCCORMACK, Mr. MCDONALD, Mr. MCEWEN, Mr. MCHUGH, Mr. MCKINNEY, Mr. MADIGAN, Mr. MAGUIRE, Mr. MARKEY, Mr. MARTIN,

Mr. MATHIS, Mr. MAVROULES, Mr. MICA, Mr. MICHEL, Mr. MINETA, Mr. MITCHELL of New York, Mr. MINISH, Mr. MOORE, Mr. MOTTL, Mr. MURPHY of Illinois, Mr. MURPHY of New York, Mr. MURTHA, Mr. MYERS of Pennsylvania, Mr. NATCHER, Mr. NEDZI, Mr. NICHOLS, Mr. NOLAN, Mr. OBERSTAR, Mr. O'BRIEN, Mr. OTTINGER, Mr. PANETTA, Mr. PASHAYAN, Mr. PATTEN, Mr. PATTERSON, Mr. PEASE, Mr. PEPPER, Mr. PEYSER, Mr. PERKINS, Mr. PICKLE, Mr. PRITCHARD, Mr. PURSELL, Mr. QUILLEN, Mr. RAHALL, Mr. RAILSBACK, Mr. RATCHFORD, Mr. REUSS, Mr. RHODES, Mr. RICHMOND, Mr. RITTER, Mr. ROBERTS, Mr. ROBINSON, Mr. RODINO, Mr. ROE, Mr. ROTH, Mr. ROUSSELOT, Mr. ROYBAL, Mr. ROYER, Mr. ST GERMAIN, Mr. SABO, Mr. SANTINI, Mr. SCHEUER, Mrs. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, Mr. SENSENBRENNER, Mr. SHARP, Mr. SHUMWAY, Mr. SHUSTER, Mr. SIMON, Mr. SLACK, Mrs. SNOWE, Mr. SOLARZ, Mr. SOLOMON, Mrs. SPELLMAN, Mr. SPENCE, Mr. STACK, Mr. STOCKMAN, Mr. STOKES, Mr. SWIFT, Mr. SYMMS, Mr. SYNAR, Mr. UDALL, Mr. ULLMAN, Mr. VAN DEERLIN, Mr. VANDER JAGT, Mr. VENTO, Mr. VOLKMER, Mr. WALGREN, Mr. WALKER, Mr. WAMPLER, Mr. WEAVER, Mr. WHITEHURST, Mr. WHITAKER, Mr. WHITLEY, Mr. WILLIAMS of Ohio, Mr. CHARLES H. WILSON of California, Mr. WINN, Mr. WIRTH, Mr. WOLFF, Mr. WOLPE, Mr. WON PAT, Mr. WRIGHT, Mr. YATRON, Mr. YOUNG of Florida, Mr. YOUNG of Alaska, Mr. ZABLOCKI, and Mr. ZEFERETTI):

H. Con. Res. 267. Concurrent resolution expressing appreciation to the Government of Canada for its support and assistance in securing the safe release of American Embassy personnel from Iran; considered and agreed to.

By Mr. KEMP (for himself and Mr. STRATTON):

H. Con. Res. 268. Concurrent resolution expressing the sense of the Congress that the International Olympic Committee should allow athletes representing the Republic of China to participate in the 1980 winter and summer Olympic games without changing the name, flag, or national anthem under which they participate; to the Committee on Foreign Affairs.

By Mr. MURPHY of New York (for himself, Mr. MCCLOSKEY, Mr. AKAKA, Mr. BAUMAN, Mr. BEVILL, Mr. BIAGGI, Mr. BONIOR of Michigan, Mr. CARNEY, Mr. CLAUSEN, Mr. CORRADA, Mr. PHILIP M. CRANE, Mr. D'AMOURS, Mr. DE LA GARZA, Mr. DERWINSKI, Mr. DICKINSON, Mr. DONNELLY, Mr. DOUGHERTY, Mr. ERLENBORN, Mr. FISHER, Mr. FLORIO, Mr. FORSYTHE, Mr. FROST, Mr. GRAMM, Mr. HINSON, Mr. HUBBARD, Mr. HUTTO, Mr. JENRETTE, Mr. LAGOMARSINO, Mr. LUNGREN, Mr. MOLLOHAN, Mr. NICHOLS, Mr. PEPPER, Mr. PRITCHARD, Mr. VOLKMER, Mr. YOUNG of Alaska, Mr. ZEFERETTI, Mr. CLEVELAND, Mr. EVANS of Georgia, Mr. RUDD, Mr. WHITEHURST, Mr. EDWARDS of Oklahoma, Mr. OTTINGER, Mr. BEREUTER, Mr. LENT, Mr. ROE, Mr. MATHIS, Mr. NEAL, Mr. SNYDER, Mr. HUGHES, and Mr. AUCOIN):

H. Con. Res. 269. Concurrent resolution urging the President to terminate the Maritime Agreement between the United States and the Union of Soviet Socialist Republics unless the Soviet Union withdraws its military presence from Afghanistan; jointly, to the Committees on Foreign Affairs and Merchant Marine and Fisheries.

By Mr. PATTERSON (for himself, Mr. CLEVELAND, Mr. CLAY, Mrs. SCHROEDER, Mr. DERRICK, Mr. FISHER, Mr. WHITLEY, Mr. HORTON, Mr. LEACH of Iowa, Mr. SOLOMON, Mr. HEFTEL, Mr. WINN, Mr. NOLAN, Mr. MURPHY of Pennsylvania, Mr. MOLLOHAN, Mr. SENSENBRENNER, Mr. DANIELSON, Mr. MINETA, Mr. EVANS of Indiana, Mr. STANGELAND, and Mr. DOUGHERTY):

H. Res. 550. Resolution amending the Rules of the House of Representatives to establish a standing Committee on Energy; to the Committee on Rules.

By Mr. COLLINS of Texas:

H. Res. 551. Resolution directing the Secretary of State to provide certain information on human rights; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BETHUNE:

H.R. 6378. A bill for the relief of Hanife Frantz; to the Committee on the Judiciary.

By Mr. McDONALD:

H.R. 6379. A bill for the relief of Vernon Myers; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 654. Mr. ZEFERETTI.

H.R. 1437; Mr. HARRIS,

H.R. 1981: Mr. DOUGHERTY.

H.R. 2056: Mr. PHILLIP BURTON, Mr. DOUGHERTY, Mr. DOWNEY, Mr. FISH, Mr. FLOOD, Mr. GRAY, Mr. GUARINI, Mr. HOLLENBECK, Mr. MAGUIRE, Mr. MINETA, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MURPHY of Pennsylvania, Mr. NOLAN, Mr. O'BRIEN, Mr. OTTINGER, Mr. SEIBERLING, Mr. SOLARZ, Mr. Mr. STACK, Mr. STOKES, and Mr. VENTO.

H.R. 3105: Mr. GOODLING.

H.R. 3106: Mr. GORE, and Mrs. FENWICK.

H.R. 3245: Mr. NEAL and Mr. WHITLEY.

H.R. 4576: Mr. DICKINSON, Mr. CHARLES WILSON of Texas, Mr. GINGRICH, Mr. BUTLER, Mr. HALL of Texas, Mr. FROST, Mr. QUILLEN and Mr. PAUL.

H.R. 4782: Mr. WHITLEY.

H.R. 5022: Mrs. CHISHOLM, Mr. DIGGS, Mr. MITCHELL of Maryland, Mr. ROE, and Ms. MIKULSKI.

H.R. 5128: Mrs. SPELLMAN.

H.R. 5225: Mr. SHUMWAY and Mrs. HOLT.

H.R. 5243: Mr. WEAVER.

H.R. 5654: Mr. COURTER and Mr. EDWARDS of Oklahoma.

H.R. 5704: Mr. AUCOIN, Mr. BUTLER, Mr. CORMAN, Mr. FASCELL, Mr. GUYER, Mr. JENRETTE, Mr. KOGOVSEK, Mr. LEACH of Louisiana, Mr. RAHALL, Mr. RANGEL, Mr. RUNNELS, Mr. SOLOMON, Mr. CHARLES H. WILSON of California, Mr. WOLFF, Mr. YOUNG of Florida, and Mr. ZABLOCKI.

H.R. 5862: Mr. O'BRIEN, Mr. DICKINSON, and Mr. DANNEMEYER.

H.R. 6012: Mr. MITCHELL of New York, Mr. HAMMERSCHMIDT, Mr. MARRIOTT, Mr. SYNAR, Mr. SKELTON, Mr. ATKINSON, Mr. FORD of Tennessee, Mr. LONG of Maryland, Mr. AUCOIN, Mr. NOLAN, Mr. HORTON, Mr. RUNNELS, Mr. GINN, Mr. RAHALL, Mr. BONIOR of Michigan, Mr. PATTEN, Mr. DIGGS, Mr. MCCORMACK, Mr. GRAY, Mr. FASCELL, Ms. MIKULSKI, Mr. OBERSTAR, Mr. HUGHES, Mr. HAGEDORN, Mr. JENRETTE, Mr. SYMMS, Mr. DOWNEY, Mr. BUCHANAN, Mr. COLEMAN, Mr. DAN DANIEL, Mr. GRISHAM, Mr. VENTO, Mr. BONKER, Mr. NICHOLS, Mrs. CHISHOLM, Mr. MINETA, and Mr. NOWAK.

H.R. 6021: Mr. BURGENER.

H.R. 6154: Mr. AUCOIN.

H.R. 6324: Mr. BONIOR of Michigan, Mr. KILDEE, and Mr. FORD of Michigan.

H.J. Res. 139: Mr. PETRI.

H.J. Res. 372: Mr. WHITE, Mr. HUGHES, Mr. GIBBONS, Mrs. FENWICK, Mr. COURTER, Mr. WILLIAMS of Ohio, and Mrs. HOLT.

H.J. Res. 445: Mr. FISHER, Mr. SEBELIUS, Mr. BROYHILL, Mr. MINISH, Mr. JONES of Tennessee, Mr. WHITLEY, Mr. JOHNSON of Colorado, Mr. EDGAR, Mr. ROSENTHAL, Mr. REUSS, Mr. COURTER, Mr. PAUL, Mr. HUBBARD, Mr. STEED, Mr. WAXMAN, Mr. LLOYD, Mr. HEFNER, Mr. WINN, Mr. GINGRICH, Mr. BROOMFIELD, Mr. ST GERMAIN, Mr. FLIPPO, Mr. STRATTON, Mr. RUSSO, Mr. MURPHY of Illinois, Mr. ICHORD, Mr. ANNUNZIO, Mr. MAZZOLI, Mr. SHELBY, Mr. SYMMS, Mr. MARRIOTT, Mr. DODD, Mr. BONER of Tennessee, Mr. WHITAKER, Mr. ALEXANDER, Mr. PURSELL, and Mr. O'BRIEN.

H.J. Res. 469: Mr. AMBRO, Mr. BARNES, Mr. BEARD of Tennessee, Mr. BENJAMIN, Mr. BONIOR of Michigan, Mr. CARNEY, Mr. CARTER, Mr. CLINGER, Mr. CONTE, Mr. CORRADA, Mr. DIXON, Mr. DOUGHERTY, Mr. DUNCAN of Oregon, Mr. EDWARDS of California, Mr. FAZIO, Mr. FISH, Mr. FROST, Mr. GUARINI, Mr. GUYER, Mr. HARSHA, Mr. HINSON, Mr. HORTON, Mr. JACOBS, Mr. JENRETTE, Mr. KEMP, Mr. KOSTMAYER, Mr. LAGOMARSINO, Mr. LATTA, Mr. LEE, Mr. LUNGREN, Mr. MCDADE, Mr. MCEWEN, Mr. MCHUGH, Mr. MAZZOLI, Mr. MURPHY of Pennsylvania, Mr. MURPHY of New York, Mr. MURPHY of Illinois, Mr. PANETTA, Mr. PRICE, Mr. ROE, Mr. SCHEUER, Mr. SEBELIUS, Mr. SOLOMON, Mr. SYMMS, Mr. VAN DEERLIN, Mr. WALGREN, Mr. WHITE, Mr. WHITEHURST, Mr. CHARLES H. WILSON of California, Mr. WYATT, Mr. YOUNG of Florida, Mr. COELHO, Mr. JOHNSON of Colorado, Mr. LLOYD, Mr. RODINO, and Mr. WILLIAMS of Ohio.

H.J. Res. 481: Mr. BEARD of Rhode Island, Mr. MURPHY of Pennsylvania, Mr. MADIGAN, Mr. MATTOX, Mr. KINDNESS, Mr. ALEXANDER, Mr. MATHIS, Mr. WINN, Mr. FAZIO, Mr. LAGOMARSINO, Mr. WON PAT, Mr. BOWEN, Mr. SEBELIUS, Mr. FORSYTHE, Mr. CONTE, Mr. FISH, Mr. SYNAR, Mr. SCHEUER, Mr. LOTT, Mr. LUNGREN, Mr. QUAYLE, Mr. PEPPER, Mr. CORCORAN, Mr. LEACH of Iowa, Mr. STANTON, Mr. SKELTON, Mr. VENTO, Mr. ROE, Mr. HANCE, Mr. CARTER, Mr. FRENZEL, Mr. WHITTEN, and Mr. MONTGOMERY.

H. Con. Res. 222: Mr. DERWINSKI.

H. Con. Res. 223: Mr. DERWINSKI.

H. Con. Res. 248: Mr. LUNGREN, Mr. STANGELAND, and Mr. MONTGOMERY.

H. Con. Res. 251: Mr. PEASE, Mr. BOWEN, Mr. BONKER, Mrs. SPELLMAN, Mr. BAILEY, Mr. CARR, Mr. MAZZOLI, Mr. CARNEY, Mr. SHANNON, Mr. AUCOIN, Mr. BONIOR of Michigan, Mr. CORRADA, Mr. MOAKLEY, Mr. BROWN of California, Mr. OBERSTAR, Mr. EDWARDS of California, Mr. WOLFF, Mr. FORD of Tennessee, Mr. LAGOMARSINO, Mr. MCDONALD, Mr. FORSYTHE, Mr. MATSUI, Mr. THOMPSON, Mr. QUAYLE, Mr. DINGELL, Mr. YATES, Mr. STARK, Mr. ROUSSELOT, Mr. HUGHES, Mr. SOLOMON, Mr. RANGEL, Mr. MINETA, Mr. KEMP, Mr. VANDER JAGT, Mr. LUNGREN, Mr. BROOMFIELD, Mr. DIGGS, Mr. WINN, Mr. LEACH of Iowa, Mr. BUCHANAN, Mr. MOORHEAD of Pennsylvania, Mr. PRITCHARD, Mrs. FENWICK, Mr. FROST, Mr. COELHO, and Mr. CONYERS.

H. Con. Res. 259: Mr. OTTINGER, Mr. DOWNEY, Mr. DOUGHERTY, Mr. EDWARDS of Oklahoma, Mr. BUCHANAN, Mr. LELAND, Mr. WEAVER, Mr. HUGHES, Mr. LENT, and Mr. FRENZEL.

H. Res. 356: Mr. COURTER, Mr. HOWARD, Mr. RITTER, Mr. DERWINSKI, Mr. GRASSLEY, and Mr. SOLARZ.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4788

By Mr. EDGAR:

(Amendment to title IV of H.R. 4788.)

—On page 179 strike lines 9 through 25 and on page 180 strike lines 1 through 5 and redesignate succeeding sections accordingly.

—On page 170 strike lines 6 through 11 and redesignate succeeding subsections accordingly.

—Section 415, strike the existing provisions of the section and insert in lieu thereof: "Simultaneously with promulgation or repromulgation of any rule or regulation under authority of any law of the United States relating to rivers and harbors, flood control, beach erosion, or other water resources development under the jurisdiction of the Secretary of the Army and at least thirty calendar days prior to the effective date of such rule or regulation, the Secretary shall transmit a copy thereof to the Secretary of the Senate and the Clerk of the House of Representatives.".

—Section 438, strike the existing provisions and insert in lieu thereof the following: "Section 221(b) of the Flood Control Act of 1970 (Public Law 91–611) is amended to read as follows:

" 'A non-Federal interest shall be a legally constituted public body with full authority and capability to perform the terms of its agreement and to pay damages, if necessary, in the event of failure to perform; *Provided,* That, where the non-Federal interest is the State itself, the agreement may reflect that it does not obligate future legislative appropriations or other funds for such performance and payment when obligating future appropriations or other funds would be inconsistent with State constitutional limitations.' "

H.R. 5980

By Mr. DERRICK:

—Page 51, strike out line 6 through line 9, and insert in lieu thereof the following:

of the greater of—

"(i) the national per capita income, or

"(ii) the per capita income of the population of the State within which such unit is located,

as determined by the Bureau of the Census for general statistical purposes (for the most recently completed calendar year for which data is available) and reported to the Secretary.

Page 68, strike out line 1 through line 5, and insert in lieu thereof the following:

excess of 130 percent of the greater of—

"(i) the national per capita income, or

"(ii) the per capita income of the population of the State within which such unit is located,

as determined by the Bureau of the Census for general statistical purposes (for the most recently completed calendar year for which data is available) and reported to the Secretary.

By Mr. McCLOSKEY:

—Page 51, line 24, insert immediately before the period the following: "and for unincorporated areas of such county".

EXTENSIONS OF REMARKS

TRIBUTE TO ARETTA BARRINGER

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. SOLOMON. Mr. Speaker, on February 2 the people of Poestenkill, N.Y., will be paying tribute to one of New York State's most dedicated public servants, Aretta Barringer. For 52 years, until her decision not to seek the job last year, Aretta served as town clerk of Poestenkill. But do not get the idea that Aretta, who will be 90 on her next birthday, has settled into an easy retirement. She will still serve the town as registrar of vital statistics.

Aretta, besides having the distinction of serving longer as a town clerk than anyone else in New York State, can claim a couple of other firsts. She was the first woman in Poestenkill to hold a public office. This is not surprising, since she was also the first woman to vote in Poestenkill after women's suffrage.

Aretta's sense of duty as an elected official and citizen are only overshadowed by her own warm personality and integrity. Aretta's active role in that community and her 52 years of conscientious service to the people of Poestenkill will be forever cherished. I join with Aretta's many friends and neighbors in thanking her for a job well done and in wishing her the very best.●

U.S. DOLLARS AND ARAB CULTURES

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. STUDDS. Mr. Speaker, for the consideration of my colleagues, I would like to submit an article which appeared in the New York Times on January 28, 1980, which questions the wisdom of the internal investments of several Persian Gulf countries and the role of the United States in those investments.

In light of our recent policy failures in Iran, I think that we need to be mindful that certain parallels may be found in our involvement in other area countries as well.

The same resentment which accrued to the United States over lavish expenditures on arms and Westernization projects in Iran could have a sequel in other Middle Eastern countries.

CRITICS SAY ILL-ADVISED SPENDING OF OIL FUNDS HURTS ARAB SOCIETY

(By Youssef M. Ibrahim)

LONDON, Jan. 27.—Economic experts on the Persian Gulf are warning increasingly that overly ambitious plans, bad advice, little experience and hurried spending in the Arab oil-producing countries have created a force that is tearing at the social fabric of these conservative Arab nations and distorting their economies.

The warnings are not new. But now they are voiced by a growing chorus of Arab technocrats in such places as Qatar, the United Arab Emirates, Saudi Arabia, Kuwait and Bahrain.

Because of the sensitivity of Arab rulers in these countries to open questions about the way they spend their oil money, the criticism often takes the form of scholarly exercises at seminars, or of dissidents anonymously pointing to what they see as potential disaster.

Nonetheless, with the Persian Gulf oil producers about to receive another large increase in revenues, questions about past and future spending policies are becoming more persistent both at home and abroad. In addition, President Carter has identified the Persian Gulf as an area of vital interest for the United States. And just across the Gulf from the Arab States is the disorder in Iran—a vivid reminder of the revolutionary forces that may be unleashed by large-scale unstructured spending.

Since 1974, when oil prices quadrupled, the handful of countries in the Gulf region—which have a combined population no larger than New York State—have spent $250 billion to push their primitive economies into the modern era.

The fear now is that along with their rising standard of living they might have bought a potential nightmare.

"We are talking about an unprecedented experience in history," said Tim Niblock, deputy director of the Center of Arab Gulf Studies at Exeter University. "What is happening there has no parallel anywhere. Many of these governments are losing control of their own countries."

This was, he said, the broad conclusion of a panel of experts who gathered at the center a few months ago to examine the development process begun by the Gulf states when the price of oil rose from $2 a barrel in 1973 to around $30 at present.

The critics say they see the following destructive patterns developing in the Gulf:

The oil producers, hampered in their development effort by small populations, are being flooded with foreign workers. In Qatar and Kuwait, imported labor is larger than the native population. By 1985 another two million foreign workers will be needed in the Gulf in addition to the nearly three million already there.

Development is focusing almost entirely on the oil sector and heavy industry. The neglect of nonoil resources has damaged such traditional areas of economic development as agriculture and fishing. Attempts that were made to modernize these sectors were poorly managed.

The industrialization effort has been undertaken without any regional coordination. As a result, airports, factories and industrial parks are being built without a rational program. With small consumer markets of their own, high labor costs and no raw materials aside from oil, these Gulf countries might be building white elephants.

The rapid modernization taking place in the Gulf, the vast expansion of the school system and of social welfare have not been matched by any degree of political liberalization. So, while a new generation is growing up better educated and more ambitious, it is deprived of participating in the decisionmaking process.

DISSIDENT'S BOOK IS BANNED

"They send us abroad; they give us the best education money can buy, but when we come home with our degrees from Harvard or Cambridge it is only to find out they are not serious about incorporating us in the system of government," said Abdallah al-Neifeissy. "They still want allegiance to the ruling families first, not know-how." Dr. Neifeissy served as chairman of the political science department of Kuwait University until 1978 when he wrote a book expressing similar views. Now his book is banned in Kuwait, and the Cambridge-educated professor says he can neither teach nor work there. He has taken refuge in Britain but remains one of the Arab world's best-known dissidents, expressing a view often heard in the Gulf these days.

To be sure, there has been a striking improvement in the living standards of the Arab populations in the Gulf. New roads, jammed with new cars, criss-cross every Arab capital, and they are lined with new buildings and broad villas. The rooftops bristle with televisions antennas. There are new hospitals, new hotels and even ice-skating rinks in some places like Kuwait where the thermometer stays at 115 degrees for months out of the year. Young Bahrainis and Kuwaitis pick up their car phones to call friends in London as they drive to their new universities, and they spend their summers in Western Europe and the United States.

The blessings of the consumer society of the West have indeed arrived in the Gulf.

But the price for this progress has been high, many believe. To Dr. Neifeissy, and many less outspoken Arab technocrats eager to keep their jobs, the huge presence of foreigners has become a major irritant. "We are sick of them; they are after the money, not the common good of the country," said a middle-level manager with Saudia, the Saudi national airline, on a recent flight from Dhahran to Jidda.

Yet the scale of development started by countries such as Saudi Arabia cannot be accomplished without foreign labor. With a native population of four million to five million, few skilled workers of their own and even fewer managers, the Saudis have tied themselves for at least the next two decades to a large contingent of foreign workers.

There are about two million migrants in Saudi Arabia. Kuwait has nearly 600,000, almost half its population. Tens of thousands of migrants live in the other Gulf Emirates. Experts say that more will come.

A recent study by J.S. Birks and C.A. Sinclair of Durham University in England projects that 1.9 million additional workers will have to be imported by the conservative monarchies of the Gulf in the next five years. Saudi Arabia, which has just completed a $180 billion five-year development program, is about to start another, with a price tag of $250 billion, according to American

banking sources here who are familiar with the still-secret budget of the plan.

A SHARE OF THE WEALTH DEMANDED

Nearly 70 percent of the migrant labor force consists of poorer Arabs, in including Palestinians, Egyptians and Yemenis. Because they share deep cultural and religious ties with their oil-rich brethren, they do not really see themselves as invited guests. Many with the support of their governments, have loudly demanded a greater share of the wealth.

Reports from Saudi Arabia and other Gulf countries suggest that the rulers are alarmed at the hostile domestic reaction to the large presence of foreigners, particularly the Westerners.

Reliable sources in Saudi Arabia said that the Saudi Royal Commission in charge of the two huge Jubail and Yanbu industrial parks had recently asked the Development Institute of South Korea to study ways of reducing the number of foreign workers.

Most experts say the only way to do so is to cut back on the development process and on oil production. But they say that the process is to far advanced to be reversed. "Even if the Saudis cut back on oil production now, let's say by half, the prices will double," says Robert Mabro, an economist at the Middle East Center at Oxford University. "They'll be stuck with the same amount of money anyway."

Perhaps the most sensitive part of the technological problems facing the Gulf countries is that the ultimate responsibility for them lies with the young Arabs who have returned with degrees from Harvard and the University of Southern California, but with no experience.

A RELIANCE ON WESTERN ADVICE

They were immediately placed in charge of large-scale spending programs. They relied for advice on their former professors in the West who have little knowledge of the sociological makeup of the Bedouin societies that are to benefit from the spending. Critics also say that much of the responsibility lies with Western multinational companies seeking to contract for big projects regardless of their feasibility.

The Western companies say they are being made scapegoats. "Listen, I am getting tired of hearing this," said a senior executive of an American company that is supervising a $45 billion project in Saudi Arabia. "They are not children, you know. If they want this project, they can have it. We're in business to make money, not to preach."

Besides, most Western executives argue that it is too early to pass judgment on the huge petrochemical plants, the steel and aluminum factories, the ports, the airports and the dry-dock ship repair yards now under construction in the Gulf countries.

Some analysts note that even if much money has been wasted in the last five years, much was accomplished. "You can't say they've got nothing for that money," said David Shireff, an editor with Middle East Economic Digest who has followed Saudi Arabia for years. "A remarkable success has been scored on building up the infrastructure. Now they've got vast communications networks, sewage treatment plants, electric power generation, and a whole lot of housing. But they have paid a hell of a lot for it and they will pay a hell of lot more."

Some critics insist, however, that it is already obvious that many industrial projects will be either economically unprofitable, because they will cost more to run than they will earn, or redundant. The two international airports built by Dubai and Sharja, two of the United Arab Emirates, are a famous example of waste. The two emirates are 20 minutes apart by car. Dubai is also building a huge dry-dock ship repair yard that will only duplicate a similar facility in nearby Bahrain.

The greatest concern is that many of the large industrial projects are unrealistic. Many experts doubt that Saudi Arabia can successfully complete its huge industrial parks in Jubail and Yanbu. Several hundred thousand Saudis are expected to move by 1990 to these desert tracts, where only some Bedouins lived before. Critics doubt that many Saudis can be found to live there, or to run the huge projects.

The costs of the two projects have spiraled from an estimated $30 billion four years ago to close to $80 billion now. The Jubail project, believed to be the most vulnerable of the two, has been designed and built by the Bechtel Corporation of California. "Bechtel is on a cost-plus contract, which means they have a license to spend money," Mr. Shireff said.

The excessive spending on such ambitious industrial programs has also led to the neglect of traditional economic activities such as agriculture, cattle raising, fishing and boat construction. With that neglect came the disruption of the life style of large segments of the population, particularly of the Bedouins, who are the backbone of the gulf populations.

J. C. Wilkinson of the school of geography in Oxford, who has studied this change in Oman and Saudi Arabia, makes a comment on it that covers virtually all the Gulf countries:

"Unfortunately most Omanis in power today pay lip service to this past, but in fact are quite ignorant about it. Nor do they really want to know anything about it because for them the old and traditional are backward while the modern is progressive. So they continue to allow the collapse of the exising systems whilst pointing to the outward veneer of modernization as continuing development."●

PUBLIC ATTITUDES ON GASOHOL

HON. FLOYD J. FITHIAN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. FITHIAN. Mr. Speaker, I am inserting today for the benefit of my colleagues a summary of a recent Harris poll concerning public attitudes on gasohol.

During the past few months we have discussed and debated the issue of Federal subsidies for the development of alcohol fuels on many occasions. The windfall profit tax and synthetic fuels bills now in conference contain several critically important gasohol provisions. These critically important provisions are in trouble today, largely because of a perceived lack of public support for them. The message the Harris poll gives to conferees on these bills is clear: the American people want prompt action to develop gasohol and other renewable liquid fuels.

The message contained in the poll should come as no great surprise. The support the public displayed for alcohol fuels to the pollsters has already been demonstrated at the gas pump. Gasohol sales have skyrocketed in recent months, with no slackening in consumer demand yet in sight.

There are a multitude of sound, practical reasons for supporting alcohol fuels. Now we in Congress have yet another reason for acting quickly and decisively: a firm public mandate.

HARRIS POLL—SYNFUELS AND GASOHOL

SOME FACTS ABOUT THIS SURVEY

This survey is based on a personal interview which lasted an average of one hour and nine minutes with a cross-section of 7,010 Americans aged 18 and over which was conducted by Louis Harris and Associates, Inc., between the dates of October 19 and November 21, 1979. As such, it represents the most comprehensive survey of public attitudes towards the conservation of renewable resources ever undertaken by the Department of Agriculture.

The sample employed is substantially larger than those customarily utilized by the Harris firm. This was to assure that the attitudes of specific demographic subgroups—such as farm familes and residents of rural areas—could be statistically analyzed with a high degree of accuracy. The expected sampling error on questions showing a 50/50 split is about 1 percentage point (+ or −). That is, in 95 out of 100 samples drawn in this manner, on a variable showing a 50/50 split, we could be assured that the results drawn from the sample would be within 1 percentage point of those which we would obtain were we to have interviewed every adult American aged 18 and over. Of course, for subgroups of the total sample, expected sampling errors will be somewhat higher.

The sample was weighted to guarantee that a minimum of 300 respondents would occur in each of the 16 cells representing the combination of geographical region of the country (East, South, Midwest, West) and type of place (urban, suburban, town, and rural). This enhanced the precision of the estimates for those groups (i.e., rural West) which would have been represented by smaller numbers in an unweighted sample, but which were of special analytical interest. In the final tabulations and analysis, all groups have been reweighted according to their true occurrence in the population of the United States. Such procedures are standard in good survey research, and serve to improve the overall efficiency of population samples.

For further information, contact Dr. John Boyle or Victor Fischer, Vice President for Washington Operations, at the telephone number listed above.

Summary: Americans exhibit a strong preference for gasohol over synfuels development as a means for increasing the supply of liquid fuels from domestic energy sources. Gasohol is seen as the more likely to help reduce foreign oil imports, to help keep down the cost of gasoline, and to do the least damage to the land. Consequently, by better than 2 to 1, the public prefers to see more federal support going to gasohol rather than synfuel development.

A. By a margin of better than 2 to 1 Americans believe that gasohol rather than synfuels should receive most Federal support (48-22%).

B. The gasohol alternative is perceived as the more likely to:

1. cause the least damage to the land used to produce the fuel (59-19%);
2. help keep gasoline costs down (50-19%);
3. more likely to reduce oil imports in the next five years (49-23%).

C. A plurality of the public is prepared to pay additional money at the gas pump to offset conservation costs stemming from additional agricultural production for gasohol

This willingness, however, is proportional to the expected costs of the program to the consumer.

1. 47% of the public is willing to pay an additional $25 per annum;

2. 22% of the public is willing to pay an additional $50 per annum;

3. 12% of the public is willing to pay an additional $100 per annum. Knowledge of soil conservation, belief in the conservation ethic, and income are all related to willingness to pay for soil conservation at the gas pump.

D. Recognition of the benefits of gasohol for energy production and the desirability of federal support for gasohol development is most pronounced in the Midwest and among farmers.

1. 53% of those living in the Midwest feel that gasohol should receive the most Federal support compared to 48% in the total public.

2. 59% of the farm owners or managers feel that gasohol should receive the most Federal support, compared to 48% in the total public.●

SNIDER: THE DUKE OF THE DODGERS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. SOLARZ. Mr. Speaker, just a few weeks ago the Baseball Writers Association exhibited good sense and wise judgment when they voted Edwin "Duke" Snider into the Baseball Hall of Fame.

As one who represents a district back in Brooklyn that is only the distance of a "Texas league single" from the site of old Ebbits Field, I can tell you that my constituents are enormously proud of Duke.

Wearing uniform No. 4 and batting third in the Brooklyn Dodgers lineup, Duke quickly became a leader of the "Boys of Summer" both on and off the playing field.

In a career spanning two decades and 1,425 games, Duke holds the Dodger record for home runs with 316 and is among the leaders in hits, runs batted in, and runs scored. Couple his brilliant batting ability with the graceful way he patrolled center field for the 5-time National League champions, he emerges as one of baseball's greatest competitors.

The "hot stove" pundits in the candy stores and street corners of my district still argue whether Snider, Mantle, or Mays was the best centerfielder in baseball, a decade after these three legends have retired. Those of us from Brooklyn know the answer, and we are at long last satisfied that Duke has assumed his rightful place in the Hall of Fame.

Duke now lives with his wife and family in Fallbrook, Calif., but those of us in Brooklyn still count him as one of our own. When Duke goes to Cooperstown to be inducted into the Hall of Fame later this year, he will not be alone. He will be joined by millions of New Yorkers who remember well the crack of Duke's bat and the crash of another broken window on Bedford Avenue.●

COMMUTER COMPUTER AND RIDE SHARING

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ANDERSON of California. Mr. Speaker, reducing and eventually eliminating our dependence on foreign oil will require a multifaceted approach by the people of this Nation. Some programs the Government will be entering into will require investments of hundreds of millions of dollars. Research into alternative energy sources is a must, but the price tag will be high. Similarly, we must look to the development of intercity rail transit, and new starts in fixed rail transit within metropolitan areas. But let no one think that such undertakings will be inexpensive. Proposals along these lines will save this Nation precious energy at some point in the future.

There are inexpensive ways for citizens in this country to help save energy right now. I would like to call our colleague's attention to the work being done in southern California—today—by Commuter Computer. The January 18, 1980 issue of "The Enterprise" points out that Commuter Computer is "the Nation's largest and most comprehensive ridesharing program."

Ridesharing is a concept that this Nation will be hearing more and more about. And it is a practice that more Americans will become involved in. Whether we are talking about three neighbors carpooling into the city, or coworkers sharing a company-purchased van to commute to work, ridesharing can help unclog our freeways and save gasoline.

Commuter Computer has taken the lead in the field of ridesharing. Certainly, this is due in some part to the fine work of Art Schreiber. Art, who is mentioned prominently in the article I am submitting, has recently resigned his position as President of the organization. I am sure his contributions will be missed. But I am equally certain that Commuter Computer will continue to grow. Because ridesharing is a concept that must grow.

The article follows:

COMMUTER COMPUTER RIDE-SHARING PROGRAM UP

Central Cityers registered for ridesharing programs in record numbers during 1979 in a report just released by Commuter Computer, the nation's largest and most comprehensive ridesharing program.

"Local workers and residents and other all over Southern California demonstrated their determination to save gas, money and time by participating in share-the-ride programs last year," says Commuter Computer President Art Schreiber.

According to Schreiber, more than 293,000 persons registered with Commuter Computer last year, an increase of more than 325 over 1978.

"With gas lines, soaring gas prices, the worst smog in the past five years topped by a bus strike, 1979 was undoubtedly the worst year in history for Southern California commuters. People have turned to Commuter Computer and we have been providing relief," Schreiber says.

Currently the number of people carpooling as a direct result of Commuter Computer's efforts exceeds 28,500, Schreiber reports. By the end of 1980, he anticipates that more than 100,000 people will be in carpools.

"It's inevitable—people must rideshare. The problems we have seen during 1979 are going to be with us in 1980 and for the entire decade before us. The only immediate answer to eliminating commute-related problems is ridesharing," Schreiber said.

Commuter Computer is curently undertaking a major ridesharing marketing program through area employers, Schreiber reports. More than 1200 companies or employers at more than 1700 work sites have already established ridesharing programs for their employees.

"The cooperation of employers throughout the South Coast Air Basin has been gratifying, but we still have an enormous task ahead of us. There are still hundreds of firms who have not utilized our free services to establish ridesharing programs. We need their immediate cooperation," said Schreiber.

Individuals and employers interested in Commuter Computer's alternative transportation services are urged to contact Commuter Computer at 380-RIDE.●

H.R. 529

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Ms. HOLTZMAN. Mr. Speaker, I support the removal of discriminatory trade status from the People's Republic of China. I am deeply concerned that this action does not become an excuse for neglecting the serious problem of repression of human rights in China.

Whatever minimal concessions to liberty the Chinese leaders were making have now apparently given way to a nasty crackdown on dissidents. The most prominent leader of the small but vocal dissident movement has been sentenced to 15 years in jail.

A woman dissident has been charged with organizing a peasant demonstration and with falsely accusing a party official of raping her, though substantial testimony supports her charge that she was raped. A student leader and a deputy party secretary involved in organizing a strike at People's University have been expelled.

The country's only established forum for free expression, Democracy Wall, has been removed from its prominent location and all but silenced.

Clearly, facilitation of American trade with China is to both countries' economic benefit. Just as clearly, our relationship to China is crucial in view of the Soviet Union's invasion of Afghanistan.

But we must not let our desire for economic gain nor our urge to "play the China card" in foreign affairs make us indifferent to human rights. Instead, let us take advantage of the increased contact with China to strengthen the fight for human rights there.

Let us try to insure that hope and freedom travel the channels of trade we are opening.●

AVIATION SAFETY

HON. BILL ROYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ROYER. Mr. Speaker, we are all aware of the growing concern of the public for the safety of air travel. The Congress has responded recently with numerous hearings and important pieces of safety legislation.

My colleague from California, BARRY GOLDWATER, JR., made a speech yesterday on aviation safety which I believe deserves all of our consideration. This speech was given at a 2-day conference on the FAA response to aviation user groups' views and recommendations.

I would like to place in the RECORD this extremely important speech which I commend to all my colleagues. The speech follows:

CONFERENCE ON THE FAA RESPONSE TO USER CONSENSUS VIEWS AND RECOMMENDATIONS

Data from a recent public opinion survey shows that people killed in airplane crashes are 13.4 times more dead than people killed in automobile accidents.

Although this is nonsense, it accurately represents the way people feel. 50,000 people can die each year on our highways, and no one gets excited. Several hundred die each year in airline accidents and the public becomes alarmed. Despite this, the public has made it very clear to its elected representatives that they want air travel to be as safe as humanly possible. And they are willing to pay for it.

Ten years ago, in response to the public desires for increased levels of aviation safety, Congress passed the ADAP bill. The Aviation Trust Fund was set up to improve system safety. Since then all airline passengers have paid an 8% ticket tax to make their flights safer. All general aviation pilots have paid a 7 cent per gallon fuel tax to make their flights safer.

Everything went well with the Trust Fund for a few days until some unelected officials got in the act. The FAA Administrator and the OMB Director got together and decided to use the safety money to make the Federal budget deficit look smaller.

Since then they and their successors have succeeded to the point of amassing about $3 billion in uncommitted surplus. But in the process they amassed many enemies, some of whom are in Congress. Finally, the Administration noted that the size of the surplus was getting embarrassing, so they redoubled their efforts to unload it on day to day operations and maintenance expenses. Of course, this was not Congress' intended purpose for the Trust Fund. FAA also noted the rapidly rising prices in the fine arts market, and cleverly used $200,000 of safety money to invest in sculpture at Atlanta airport.

I questioned Langhorne Bond on all this at recent hearings. I said that I wished the FAA Administrator would be a leader in the fight for increased aviation sefety instead of a collaborator with OMB. I said it was sad that the agency charged with aviation safety had to be begged to spend safety money from a safety trust fund on safety projects.

I must admit, his response made sense. He is a member of the President's team. He must espouse the President's larger objectives. Although he didn't mention it, he obviously saw what happened to his former boss, Brock Adams, who apparently wasn't a team player. I can understand Mr. Bond's motives, although I don't necessarily agree with them.

Let's look now at what this "team playing" is doing to the FAA R&D budget request over the next 5 fiscal years. The Administration's proposed ADAP bill requests $90 million in 1981 increasing linearly to $110 million in 1985. But let's factor in inflation at 10% and talk in terms of constant 1979 dollars. In this frame of reference, the requests drop from $81 million in 1981 down to $58 million in 1985.

It appears, however, that in yesterday's Presidential budget the FAA R&D request dropped down to $85 million (from the $90 million in their earlier ADAP proposal). So perhaps I should lower all my estimates by $5 million. That would leave a little over $50 million in 1985 for R&D.

Now with this declining budget FAA must, of course, complete work on many ongoing projects like collision avoidance and post-crash safety. But they must also complete the development in the next 5 years for a new ATC computer system which will cost nearly $2 billion. To do this, Al Albrecht and company better start to practice walking on water.

Because of the extreme difficulty of fulfilling these existing commitments with a declining budget, I suggest that you change the name of this conference from "New Initiatives" to "No Initiatives". I don't want to demean the concept of FAA consultation with the users. I just feel that the next 5 years will see a lot more funds cut and programs scrubbed than new starts or new initiatives.

I turn now to two tactical errors which I think the users made in this so-called "New Initiatives" process. First, every manager knows that in years of shrinking budgets, you have to set priorities. The high priority programs are spared, and the others are axed. But the users went through the whole New Initiatives process without setting priorities. So who gets this powerful tool?—FAA. And since the users made many more recommendations than could possibly be funded, nearly everything FAA picked has been covered in one of the many user recommendations. This allows the FAA to pick and choose as they please and still claim the overall result has user support.

The second tactical error of the users involves the timing of today's FAA response to the user recommendations. Although the President's budget was released yesterday, FAA's response document was written prior to that in order to prepare for today's January conference date. So naturally no budget figures could be included in the written response. The result is a lot of words—some rather ambiguous—but no dollar figures. Personally, I'd rather have waited a month to see the dollar figures and how they changed as a result of user recommendations.

So the users made recommendations without priorities and received responses without funding information. In my opinion, this detracts from the usefulness of the exchange. I certainly want to see that funding information, and I plan to request it from FAA.

Now I'd like to make one observation from my position on both the Science and Technology Committee and the Public Works and Transportation Committee. As the flow of R&D products dries up, the flow of regulatory products increases. So it is today we see more rules, regulations, airspace restrictions, limitations, quotas, time slot allocations, and charges. I'd like to see this trend turned around.

What I propose to do, with the full cooperation of Chairman Tom Harkin of the Transportation, Aviation and Communications Subcommittee, is to derail FAA from its 5 year march downhill in real R&D dollars. We hope to obtain language in the ADAP bill requiring annual authorizations for R&D—rather than one 5-year authorization. These annual authorizations would come under the jurisdiction of our Subcommittee. Drawing from the $3 billion trust fund surplus, we would hope to authorize the amount required to get the safety job done—not the amount the OMB beancounters feel like releasing. Tom Harkin and I hope you, the users, will support us in our efforts on this legislation.

In closing, I'd like to shift gears and say this to Al Albrecht, Neal Blake, Joe DelBalzo, Bob Wedan, and Sig Poritzky: I wouldn't try to get you more R&D money if I didn't think you could use it wisely.

Thank you.●

ENERGY AWARENESS DAY

HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. HINSON. Mr. Speaker, last week I introduced a bill authorizing and requesting the President to proclaim Sunday, February 10, 1980, as "Energy Awareness Day." The resolution urges all Americans to: First, lower their thermostats to 65 degrees; second, eliminate all unnecessary travel; and third, curtail all unnecessary energy use. The energy situation, which is becoming increasingly critical in this country, demands a collective conservation effort by all Americans. The date of February 10 was selected in conjunction with the National Jaycees, who have launched a drive to make our Nation more energy conscious. The Jaycees have worked with 25 State governments, which by either gubernatorial or legislative proclamation have agreed to participate in an affirmative action day.

By conservation of our already dwindling energy resources, we can blunt the impact of high costs and diminishing supplies of energy which affect every facet of our daily lives.

As you know, all commemorative legislation must be cosponsored by a majority of the Members of the House, and February 10, is fast approaching. I would like to express my thanks to those colleagues who have already joined with me in cosponsoring House Joint Resolution 481; and urge any others who are interested to contact my office.●

THE YEAR OF THE COAST—1980

HON. GERRY E. STUDDS
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. STUDDS. Mr. Speaker, the Boston Globe recently carried a series of articles on the problems now threatening the vitality of our coastal environment. This series, written by Jack Thomas, accurately summarizes a great many of the conflicting pressures upon the coastal regions of this country and makes it clear why the designation of 1980 as "The Year of the Coast" is so important at this time.

The first article in this series focuses on five major areas of concern: Overdevelopment, Barrier Islands, fish and oil, pollution, and access to the sea. I would recommend it highly to my colleagues as an excellent source of background information on these subjects and on the challenges that lie ahead during "The Year of the Coast."

The article follows:

ABUSING THE COAST: WHEN WILL IT STOP?

(By Jack Thomas)

European settlers in the New World were wonderstruck by the beauty and bounty of the North American coast.

The Pacific shore overwhelmed the explorer Sebastian Vizcaino, who described Monterey in such superlatives that those who came after him could not recognize it for 167 years.

The Gulf Coast was thought by the French to be the fairest, most fruitful and pleasant land in all the world.

The Atlantic Coast was delectable beyond imagination, said Verrazzano, and the new England coast so fertile the Pilgrims scooped haddock from the water by bucket and gathered lobsters from the beaches for fertilizer.

But that's all changed.

Today, 86 percent of the California coastline is undergoing significant erosion because of 30 years of unplanned, uncontrolled and uncoordinated development that has produced a helter-skelter of motels, hotels, condominiums, houses and high-rise apartment buildings, many built precariously close to the water.

The Gulf Coast is no longer the fairest, most fruitful and pleasant land in all the world either, not with a Mexican well disgorging thousands of barrels of oil into the water every day, blackening beaches, killing birds and threatening a way of life for people like Marcial Callais, 52, who fishes for shrimp from Bayou Lafourche an hour south of New Orleans, the way his fathers have for 150 years.

Neither would Verrazzano find the Atlantic Coast all that delectable these days, not if he knew about the millions of gallons of sulphuric acid and other chemical wastes dumped into New Jersey waters every day by Gulf & Western. He'd have to avoid eating fish caught in the Hudson River estuary, too, because some of them contain as much as 45 times the permissible level of PCB, an agent suspected of causing cancer.

And the Puritans who scooped haddock with a bucket would wonder why Boston has only 15 fishing vessels these days, compared with 265 in 1912, and why 70 percent of the fish consumed in the United States is imported, and why a man such as Harmon Tibbits of Boothbay Harbor, Maine, whose family has been lobstering for four generations, no longer can make a living at it.

America's 88,633-mile shoreline is in serious trouble—more serious than just another environmental crisis, or a struggle between oilmen and fishermen, or one more polluted harbor or one more oil-stained bird, more serious than the destruction of valuable wetlands, a dispute between industrial and recreational interests or a debate about one man's right to own a beach and another's right to use it.

All of this has combined in the past three decades to impair day-to-day existence for the six out of 10 Americans now living in coastal communities.

People are attracted to the coastline because of its more temperate climate and because of the potential for profit and pleasure. There may be another reason, though, one deeply rooted in man's primitive self.

Roger Revelle, former director of the Scripps Institution for Oceanography in La Jolla, Calif., describes it this way:

"Part of the spell of the ocean comes from its mystery, the four-fold mystery of the shoreline, the surface, the horizon, and the timeless motion of the sea. And part of the spell comes from outside the sense, the half-forgotten memories and images beyond imagination, deep below the surface of our consciousness . . .".

Whatever the reason, during the middle years of this century, coastal population grew at three times the national average and, by 1990, three out of four Americans will be living within 50 miles of the ocean.

As Shirley Taylor, an environmentalist from Tallahasee, puts it, "Everybody wants to live with a toe in the water."

As a result, at a stunning rate since World War II America has polluted her harbors, overfished her bays, overdeveloped her beaches, overbuilt on her sand dunes, overdrilled in her sea and overfilled her marshes so that now, at the beginning of the 1980s as the bills come due, we are finding that the price may be higher than we can afford.

Americans face five critical coastal problems related to growth—excessive development of fragile shoreline property, overpopulation of barrier islands, a distressed fishing industry, pollution of beaches and bays and a shortage of public access to the water.

OVERDEVELOPMENT

Without controls, a shoreline tends to be developed to excess, to become a tawdry jumble of too many houses, too many people, too many cars and too many businesses, from Whatburger fast-food stands to Disco Dolphin shows.

And in the last three decades, development in communities on the East, West and Gulf coasts has been rapid and without restraint.

"There's nothing left of the Southern California coast," says Sue Nelson, an environmentalist with the Friends of Santa Monica Mountains. "Take a good look at it. It ought to scare you because that's what the rest of the country's going to look like."

One result is that property values have multiplied over and over. In California, the La Jolla Light newspaper contains advertisements for half-acre lots on the beach for $325,000. A three-line classified advertisement offers a two-bedroom home with unsurpassed view for a half-million dollars. The same home in Des Moines would bring $47,500.

Jeffrey Frautchey of the Scripps Institution for Oceanography laughs when a visitor mentions that the asking price for Nelson Rockefeller's home at Seal Harbor, Maine, was $1 million.

"When we go out to the beach," he says, "you can look north to a house with a green roof high on a cliff. It's selling for $15 million."

Coastline development can mean tremendous profits quickly, and builders are zealous in their efforts to build on any vacant lot with access to or even just a view of the water.

When Gerald Kuhn, geologist at the Scripps Institution, suggested in a study that construction of homes be banned within a certain distance of the shore, he found threatening notes pinned to the door of his office, and a colleague with a similar name received two telephone death threats, one of them tape-recorded.

But environmentalists can be equally passionate in their efforts to block development and preserve the pristine nature of the coast.

A Newport Beach, Calif., couple Frank and Fran Robinson, spent 17 years and $15,000 in order to prevent a powerful construction company, the Irvine Corp., from building a mutli-million dollar housing development and marina on a 741-acre wetland and wildlife habitat near their home.

Too much development too close to the shore does more than threaten wildlife. It also endangers those who live in the houses.

In 1975, Hurricane Eloise, with winds of 130 miles an hour, wiped out homes along a 50-mile stretch of the Gulf east of Panama City.

But northeast Florida should have been able to withstand Eloise with ease, says Dr. Eugene Odum of the University of Georgia's Institute of Ecology, who faults man, not nature, for most of the $200 million damage.

"Because residents bulldozed the sand dunes and built within a few feet of the waterline," he said, "the hurricane was a disaster from Panama City to Fort Walton Beach. But 90 percent of the damage was within 300 feet of the beach. Back of that line," he said, "damage was minimal."

Intense coastal development is expensive to the taxpayers, who subsidize the cost of damage from hurricanes, blizzards and other storms to coastal homes.

Last winter in California, ocean waves alone caused $18 million damage. In Massachusetts, the blizzard of 1978 caused $300 million in flood and wind damage in the 46 coastal communities from Orleans on Cape Cod to New Castle, N.H.

"It's insanity," says Evelyn Murphy, former secretary of environmental affairs in Massachusetts. "Why should taxpayers subsidize development of dangerous sections of the coast through Federal flood insurance, disaster relief, bridge and highway construction and grants for wastewater treatment facilities?"

Nevertheless, on Friday, during a tour of the Alabama coast after Hurricane Frederic, President Carter promised to provide help with taxpayers' money for as long as it is needed.

BARRIER ISLANDS

As the pressure for coastal homes has increased, more people have built on so-called barrier islands such as Nahant, Fire Island, Atlantic City, Rehoboth Beach, Cumberland, Cape Canaveral and the Florida Keys.

The barrier islands make up a chain along the East and Gulf Coasts from Massachusetts to Texas. As a buffer they protect the mainland from ocean storms and waves, but they are extremely vulnerable themselves to adverse weather. Because their sandy shores are moving constantly under the force of storm, surf and currents, barrier islands are notoriously unstable, and they cannot bear the intensity of development common on higher land back from the sea.

Of 134 barrier islands, 26 are totally developed, 63 are partially developed and 45 are protected in their natural state.

Most development on barrier islands has occurred within the past 25 years and, as a report by the U.S. Department of Housing and Urban Development points out, "Those years have been remarkably quiet in terms of major hurricanes. The last major storms along the Atlantic Coast occurred in the '50s, and those in the Gulf in the '60s."

As a result, more than 80 percent of those living in coastal areas of the Atlantic and Gulf had not experienced a major hurricane until this year.

"If there's a hurricane, a bad one, you can write off most of the Florida Keys," says Shirley Taylor of Florida State University. "Most of the keys are densely populated with only a two-lane highway or bridge to them, and people just won't be able to get off. You get only so much notice, and if there's an accident on one of the two-lane roads, well, it's all over."

Sanibel Island in Florida is an example. Planners say the island can support a population of 18,000. But in the event of a hurricane, given the normal warning, no more than 6,000 people could evacuate Sanibel by bridge.

Why then do people build on barrier islands and barrier beaches?

On a late summer afternoon in Long Beach, Miss., Rev. Charles Mauro was finishing a day's work on the house he's building across the street from the Gulf of Mexico. There is no neighbor next door. Only a weed-covered foundation remains since Hurricane Camille blew through in 1969. Two hundred and fifty-six people were killed in that storm.

"I know it's dangerous," he said, "but I'm taking precautions. As you can see, the house is shaped octagonally so there is no wide front to take a broadside blow from the water. It's raised 17 feet off the ground—water level during Camille was 13 feet—and the cinder blocks are reinforced with iron and concrete. Maybe it's crazy, but I just couldn't stand being in the area and not living next to the water."

Still, because of excessive development along barrier beaches and barrier islands, weather officials warn that a strong hurricane hitting Florida full force could kill 50,000 people and cause $1.5 billion in damage.

"We are marching right along toward a potential catastrophe," says John Dolan, environmental science professor at the University of Virginia. "It's just a matter of time."

FISH AND OIL

The major coastal issue of the 1980s in New England and along the Atlantic will be the same one faced 20 years ago in the Gulf of Mexico—oil versus fish.

Even before drilling begins in the fish-fertile Georges Bank off Nantucket, New England already is experiencing 10 percent of the nation's oil spills. In Massachusetts alone, for example, two million gallons were spilled last year.

Marine life is extremely sensitive to oil. The growth of oysters is retarded by as little as one part oil per million of water, which is the equivalent of one ounce of vermouth to 62,000 quarts of gin.

Georges Bank is important. One-eighth of the world's offshore fish harvest is caught there, and although larvae of familiar table fish such as haddock, cod, pollack and flounder develop in the surface water of Georges Bank, the waters are polluted by a high concentration of toxic hydrocarbons, the result of chronic oil spillage.

A federal environmental impact statement predicts that over a 20-year period, there will be 1900 to 2300 small oil spills off Georges Bank and a 90 percent chance of one or two spills of more than 1000 barrels.

Environmentalists want the government to declare Georges Bank a marine sanctuary so that the drilling of oil would be regulated to protect the fishing industry.

New England and the mid-Atlantic are not the only coastal areas trying to reconcile their fishing industries and the nation's need for more energy.

Santa Barbara, Calif., feels particularly victimized. Already afflicted with offshore oil wells in sight of land and the resultant spills, Santa Barbara is bristling because the federal government has decided to locate a nuclear plant at nearby Diablo Canyon and to locate a liquefied natural gas facility at nearby Point Conception.

"We're an energy dumping ground," said Charles Eckberg, of the Environmental Defense Council in Santa Barbara.

Residents of the Gulf Coast, who long ago adjusted to offshore oil, resent the reluctance of Northerners and Westerners to permit drilling off their coasts.

In Texas, radio stations play a country-and-western song that blames Sen. Edward M. Kennedy (D-Mass.) for blocking offshore oil in New England to protect his beach at Hyannis, and so, as the song goes, to hell with Northerners, let 'em freeze.

"We don't really want you to freeze up there in New England," said James Miller of Houston as he sat on the deck of a summer cottage in West Beach, Tex., sipping a drink and watching night fall over the Gulf of Mexico.

"We have oil rigs off our shore, but we have to pay high prices for gasoline because there's a shortage. And why is there a shortage? Because even though you use more oil than we do, you don't want any drilling off your shore. Now that isn't fair, is it?"

But oil is not the major reason that growth of the fish industry has slowed from 7 percent in the 1950s to 6 percent in the '60s to less than 1 percent in the '70s. Some experts say we're already extracting as much from the sea as we can.

"The capacity of the ocean to produce fish has simply leveled off," said Dr. Brad Brown of the Woods Hole Oceanographic Institute in Falmouth. The United Nations agrees, forecasting a growth of no more than 2 percent in the world's harvest through the end of the century.

Since the end of World War II, the United States has become more dependent on foreign nations for fish than it has on the Arabs for oil.

Imports have climbed from 25 percent in 1950 to 70 percent today, in part because foreign nations can catch and process fish, and freeze and export them to the United States for sale at up to $1 a pound less than Americans can catch the fish and sell them fresh.

For American fishermen, this has been a difficult decade.

Lubec, Maine, on the Canadian border, is an example. It was once a thriving fishing community. As recently as 1951, there were a dozen sardine factories in Lubec and 42 members of the merchants' association.

Today, membership is down to four. There are only two sardine factories working 10 to 12 weeks a year, and along the main street, as many as seven consecutive stores are boarded up.

"This is a ghost town," says Jim Simmons, owner of the Western Auto store. Indeed, at 4:30 on a weekday afternoon, a visitor can look up and down the main street of Lubec and not see another human being.

Adoption of the 200-mile zone in 1976 has not resulted in a burst of growth in the fishing industry as had been expected, but some government officials insist the oceans have not been fished to capacity, and that a resurgence is coming.

"In five years," says Richard Frank, administrator of the National Oceanographic and Atmospheric Administration, "the United States will be harvesting 80 to 90 percent of the fish within the 200-mile zone. I predict that in the 1980s, we will have a $1 billion trade surplus in seafood to Japan."

In addition, he said, the harvesting and processing of groundfish could increase the number of fishing jobs in the United States from 260,000 to 300,000 and the annual value from $7 billion to $8 billion.

POLLUTION

Coastal pollution lingers like a dirty ring around the collar of the United States.

In Massachusetts, where the coast provides 20,000 jobs and $600 million a year from tourists, pollution has forced the closing of thousands of acres of shellfish flats.

Nine years after the barge "Florida" spilled oil in Falmouth Harbor, the shellfish beds there remain closed.

Noxious odors intrude on bathers in Boston Harbor—those bathers, that is, with the fortitude to swim in a polluted bay.

It's not that no one's been assigned to keep it clean.

Six agencies are responsible for water quality in Boston Harbor, but despite decades of study and the expenditure of millions of dollars, Boston Harbor remains embarrassingly dirty, and estimates are that it would now take $1 billion to clean it.

Environmentalists warn that continued pollution—human, thermal, chemical and industrial—threatens delicate estuaries such as the Chesapeake Bay, the mid-Atlantic's most prominent feature, which lies at the mouth of 10 major rivers and reaches 200 miles into Virginia and Maryland.

An estuary of awesome production, the Chesapeake Bay provides one-quarter of the nation's $80 million crab harvest, one-quarter of the nation's $22 million oyster harvest and half the nation's soft-shell crabs.

Several thousand people on Chesapeake Bay earn all or part of their income harvesting seafood there, and they are sensitive to anything that might threaten it.

In Mayo, Md., at the edge of the bay, several community organizations blocked construction this year of a huge sewage treatment plant, in part because in the event of the plant's failure—which experience suggests is highly likely—50 acres of oyster and clam beds would be destroyed.

"People outside don't realize what an impact this would have on the way we live," said Edna Schmitt, president of the civic association.

ACCESS TO THE SEA

No coastal issue is strewn with more sharp shells than that of public access to the ocean.

Nationally, only 2 percent of the coast is owned publicly. In Florida, with the exclusion of Everglades National Park, less than 1 percent of the shore is devoted to public parks.

"Take a helicopter ride down the coast of Massachusetts," says Evelyn Murphy. "You'll see that most of the coast is just not available to the public, and helping people get to the water is one of our most important goals."

Anyone who has tried to reach the beach on a sunny Sunday in summer knows that the area along the water allotted to the public at times seems to be in danger of capsizing from the sheer volume of sunseekers, swimmers, fishermen, surfers, skindivers, sailors, photographers, ballplayers, frisbee enthusiasts, power-boaters, dune-buggy drivers, fast-food stands, picnickers and motorized buggies.

Public access to beaches is an agreeable concept to everyone except those who own property on the water. How, for example, do

you explain to the man who has invested his wealth in a little cottage on Cape Cod that he must make his beach available to the other half-million people on the Cape?

The first state to open its beaches to the public was Oregon, where the legislature voted in 1969 to formalize the tradition that the state's 1410 miles of shore from Washington to California belonged to the public.

Texas followed with an Open Beaches Act that remains controversial because it permits motor vehicles on the beach.

To the average Texan, banning cars on the beach is equivalent to closing it. Environmentalists argue, on the other hand, that automobiles pack the sand, endangering burrowing creatures such as crabs, and that the volume of traffic uproots beach grasses that hold the dunes in place.

For young Texans, though, the beach is the place to be on a weekend.

They arrive Friday afternoon, park their vans or cars in a row at the high-water mark, pitch tents, perch two to four stereo speakers atop their car fenders and settle in for a weekend of eating, drinking, smoking, softball, volleyball, swimming, singing, and otherwise cavorting with the opposite sex.

"This is the equivalent of the old days when kids cruised up and down Broadway," said Steve Phinney, 20, of Overton, Texas, pausing in a game of catch with his brother at the beach at Freeport. "There are girls everywhere. See those three that just drove by in the Ford Granada? They've been by here three times now."

No other State has done more than California to loosen the padlock of private ownership of its shore.

Of California's 20 million residents, 84 percent live within 30 miles of the sea. Getting there, however, is not easy. Sixty percent of the shore is privately owned.

The symbol of resistance to open beaches is Malibu, where beaches are hidden behind the seaside homes of movie stars such as Linda Rondstadt, and public access—even a view of the water—is blocked by high walls, bolted gates and electronically operated doors.

The California strategy to open the beaches is simple. The State Coastal Commission exercises strong control over development within 1,000 yards of the water. Whenever a property owner applies for a permit to build or expand a home, he is asked to cede some form of access such as a path, a stairway or a parking lot.

Builders and property owners denounce the plan. "Demanding easements without offering to buy property is outright legal blackmail," said Joseph Mastroianni, a developer. "Extortion is extortion, no matter how noble the intent."

Although scores of lawsuits have been filed against the California concept, the courts generally have come down firmly on the side of the commission.

"The California coastline belongs to everybody, not just the rich," said coastal commission director Michael Fischer. "We're very tough about this."●

THE ALL-VOLUNTEER FORCE IS WORKING

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

Mr. PAUL. Mr. Speaker, the autumn issue of the journal Commonsense featured an eloquent article on the volunteer military versus conscription by Dr. Martin Anderson. Dr. Anderson, senior fellow at the Hoover Institution, was one of the people responsible for the establishment of the volunteer armed forces, and this is only one of his many contributions to the cause of freedom. Because this issue will be coming up again very soon, I would like to call this excellent article to my colleagues' attention. As Dr. Anderson notes, and demonstrates in this article:

The experience of the last five years (has shown) beyond question that we can defend this country, and the principles on which it was founded, without resorting to methods of military manpower recruiting that violate the very principles we raise the force to defend.

THE ALL-VOLUNTEER FORCE IS WORKING

(By Martin Anderson)

The history of conscription in the United States suggests that Americans dislike to confront the idea at all, but when the issue is forced upon them the intensity of the debate is deep. Many times in the past, when faced with a perceived threat to our security, we were forced to raise large armed forces quickly—in the War of 1812, the Civil War, World War I, World War II, and more recently the Korean War and the Vietnam War.

Each time, we were faced with the question—should we conscript? Each time, except for the War of 1812, the United States adopted some form of conscription. Each time, there was an intense, protracted debate on the fundamental issues involved; the issues varied little although the debates in the early years of our Republic were clearly more eloquent and incisive. And each time, the nation had to relearn the arguments for and against conscription.

The primary issue in military manpower policy today is not whether or not we should have a military force (although there are some who do think that is an issue), or how large that force should be, but rather *how* we should go about raising that military force. The subject of military manpower policy and national security is a vast one—and a very important one. For not only does it involve the vital issue of the preservation of the United States as a free nation in a largely totalitarian and hostile world, but the manner in which we attempt to raise the military manpower necessary to accomplish that task has far-reaching social, economic, and political implications for our society.

Should we continue to rely on the all-volunteer force, as we have done since 1973? Or should we return to a draft similar to the one we had for over 25 years following World War II? In attempting to answer that question there are two fundamental criteria that must be kept in mind while judging any method of raising an armed force. The first is the effect on this nation's military capability. The second is the social, economic, and political effects on our society. In this regard the question of military manpower may be unique. It is difficult to think of any other issue which has both foreign policy and domestic policy implications to such a degree.

Most of us are familiar with the intense, sometimes bitter, debate that preceded the end of the draft in 1973. The opposition to ending the draft was extensive and powerful. The all-volunteer force was opposed by most senior military men, including the chairman of the Joint Chiefs of Staff; it was opposed by many Senators and Congressmen, by much of the National Security Council staff, by The New York Times, and by a substantial part of the public. There were serious warnings that our national security would be impaired, that we would have an armed force composed primarily of blacks, or of the poor, the ignorant, and the misfits of our society; that it would be enormously expensive; and that it would not work.

Since the end of the draft, the warnings have continued. With a few exceptions there has been a continual flow of reports in the media—from academicians, military personnel, reporters and columnists, and elected officials—questioning and attacking the all-volunteer force concept. Perhaps the most prominent critic today is the junior Senator from Georgia, Sam Nunn, who serves as the chairman of the Senate Armed Services Manpower and Personnel Subcommittee. Senator Nunn believes that "the All-Volunteer Force may be a luxury that the United States can no longer afford," and has seriously proposed a "minimally" coercive national service program as an alternative.

It's pretty clear that the question of whether or not we stay with the all-volunteer force is going to be around for some time, and that the policy debate is apt to intensify rather than abate. The pros and cons of the issue are many and complicated, and both the proponents and opponents are many, diverse, and influential.

QUALITY, QUANTITY, AND EQUALITY IN THE ALL-VOLUNTEER FORCE

One of the most persistent criticisms of the all-volunteer force has been the alleged decline in quality of our military manpower. There is no precise definition of quality but "traditionally, the numbers and percentages of marginally acceptable applicants—Category IV—and non-high school graduates" have been used to describe the quality of military personnel. (There are five mental Categories—I and II are above average, III is average, IV is below average but legally acceptable, and Category V is composed of those who are not legally eligible to join the armed forces.) Generally speaking, the smaller the percentages of Category IV personnel and non-high school graduates the higher the "quality" of our armed forces.

There are, of course, many other aspects that should be considered in assessing the overall quality of our armed forces. But if we consider only these two aspects, the results of the all-volunteer force are dramatic and clear.

At the upper end of the mental scale, the number of new people entering the armed forces who fall into Category I has dropped slightly from five percent during the period of the draft from 1970 to 1973 to four percent during the period from 1973 to 1976, the first four years of the all-volunteer force. During this same period the number in Category II increased slightly from 30 to 32 percent. Both changes are probably not statistically significant. The really dramatic changes occurred in Categories III and IV, where there was a significant shift from Category IV up to Category III. The number of enlistees in Category III increased from 45 to 58 percent, a gain of 13 percentage points, while the number in Category IV, the lowest mental category, declined from 22 percent to only six percent, a drop of 16 percentage points. Using only the criterion of mental tests, there has been an unmistakable increase in the quality of recruits into the armed forces of the United States.

In terms of educational background, however, there has been a decline in the percentage of new enlistees with college educations. The percentage of college graduates has decreased from four percent to one percent; those with some college education has decreased from 11 percent to five percent.

On the other hand, the percentage of high school graduates has increased from 51 to 59 percent, and those with the equivalent of a high school diploma increased from two percent to three percent.

Taken together, those with the equivalent of a high school diploma or better constituted 68 percent of the entrants into the drafted force during the period from 1970 to 1973. They also constituted 68 percent of the entrants into the all-volunteer force during the period from 1973 to 1976.

At the lower end of the educational scale, the number of entrants with less than a high school education declined from three percent to one percent, while those with only some high school education increased slightly from 28 to 31 percent.

Looking at mental categories and educational background together, there has been a slight decline in highly intelligent, college graduates, a modest increase in those of more average abilities and background, and a sharp decline in those with limited mental abilities. Overall, the mental capability of those entering the all-volunteer force is significantly higher than that of those who were drafted.

When one looks at the decline in the number of new recruits from mental Category IV broken down by the individual services, the results are even more interesting. Category IV for the Army dropped more than half from 23 percent to 11 percent. But the truly dramatic results were achieved in the other three services: in the Navy, the number in Category IV dropped from 22 percent to four percent; in the Marine Corps, from 22 percent to five percent; and in the Air Force, from 14 percent to one percent.

Although not usually considered in the quality issue, there is some evidence to suggest that the medical criteria currently being used may be unduly high. Between 14 and 17 percent of all applicants are rejected for medical reasons. Recent studies have found that our armed forces use higher physical standards for new recruits than those used by other nations. In fact, they are higher than the standards used by the armed forces for re-enlistment purposes. It has been estimated in a 1977 Rand Corporation study that a relaxation of physical standards, that would in no way impair force effectiveness, would increase the qualified number of individuals by five to 10 percent.

Another major factor in determining whether or not the all-volunteer force has worked is the number of volunteers. Have the armed forces attracted enough recruits without the threat of the draft? There are two aspects to the quantity issue: the number of new recruits coming in every year and the overall size of the armed forces, compared to the enlistment and overall strength targets.

Manpower targets in any organization are always subject to some degree of uncertainty, and it is always difficult to maintain the precise level of personnel desired and to keep the flows even and smooth. Switching over from the draft to the all-volunteer concept in 1973 was perhaps—when one considers the magnitude and difficulty of the problem—one of the largest personnel challenges in history. But even so, the performance of the armed services has been quite extraordinary. During the first four years of the all-volunteer force, the services cumulatively recruited 99 percent of their target number. And most of the tiny shortfall that did occur happened during the first year without the draft. Moreover, the armed forces have substantially exceeded their enlistment quotas for mental Categories I-III, the higher quality recruits. The shortfalls that have occurred have taken place primarily in Category IV, indicating that even these tiny shortfalls are "less a measure of inadequate supply than they are an indicator of unusually restrictive quality standards."

Overall force strengths are virtually 100 percent of stated objectives. When the draft was first abolished the armed forces had some difficulty for a time in meeting their overall strength objectives, but as the volunteer force became better establishd each of the services moved closer and closer to its end strength target.

Another issue that seems bothersome to many is the degree of "representativeness" of the armed forces. An armed force has never been, and can never be, literally representative of a society (mathematically it is impossible; socially there are certain groups of people, such as the elderly, the very young, mothers, etc. who could be assimilated only with difficulty, and the one group that is always exempt—elected officials—would impair true representativeness from the very start). But let us take a look at what has happened to the composition of our armed forces since 1973.

The number of blacks in our armed forces has been of particular concern. Some have even gone so far as to warn of the "dangers" of an all-black armed force. It should perhaps be noted that most of this concern seems to come from whites, not blacks. In any event, the so-called fears—though unjustified in the first place—of some of our more liberal social commentators have proved to be unfounded. Granted, the percentage of blacks in the armed forces is now slightly higher than that found in the general population. In 1979, 19 percent of the enlisted men in our armed forces were black. Nonetheless, the reasons for having apprehensions about "too many blacks" in the armed forces have always been a little vague, or perhaps we should say they have been stated vaguely. It is difficult to understand the complaint of "too many blacks" in an armed force whose enlisted ranks are over 80 percent white, and whose officer ranks are well over 90 percent white.

It is true that there has been an increased number of blacks in the armed forces during the past four or five years. But as Milton Friedman once put it, "Clearly, it is a good thing, not a bad thing, to offer alternatives to the currently disadvantaged . . . Our government should discriminate neither in the civil nor in the military services." Moreover, according to Richard Cooper of the Rand Corporation, in his 1977 study, Military Manpower and the All-Volunteer Force, the increase in the number of blacks in the armed forces seems to have come from three main sources: "(1) the increasing proportion of blacks found eligible for military service, (2) the relatively higher unemployment rate experienced by young black civilians, and (3) the lag in the earnings opportunities for full-time employed blacks." The increase would almost certainly have occurred even if we had not ended the draft.

Another concern often expressed is that the armed forces are increasingly being manned by those from low-income families. A survey taken in 1975 compared the distribution of incomes of recruits' parents with the distribution of all U.S. family earnings. In 1975, 26.3 percent of the families in the United States had earnings of less than $8,000 a year; 26.9 percent of the recruits had parents who earned less than $8,000 a year. In fact, the all-volunteer force is generally representative of all income groups.

As Cooper pointed out in his study:

"It has been assumed by some that all-volunteer force enlistments were coming largely from the poor and disadvantaged. However, the evidence shows that there has been little or no change in the distributions of enlisted accessions according to resident areas, as measured by a variety of socio-economic indicators. Individuals raised in middle- and high-income areas, for instance, are serving in almost the identical proportions under the volunteer force that they did under the draft. Indeed, even the very highest-income areas . . . are contributing just about the same proportion of enlisted accessions without the draft as they did with it . . . the American military is clearly not becoming an army of the poor."

THE PRICE OF FREEDOM

The cost of maintaining the all-volunteer force is another area of serious concern. In time of a rising demand for military hardware, high rates of inflation, and massive federal budget deficits, the amount of money spent directly on manpower has taken on increased importance. Most estimates place the additional budget costs at several billion dollars a year.

However, Cooper's study argues that these costs are greatly overstated. It maintains, quite rightly, that the only valid way to estimate the cost of the all-volunteer force is to compare today's manpower costs "with what they would have been had the draft remained," not with what they were under the draft. Proceeding from this premise it is estimated that the maximum yearly cost that can be attributed to the all-volunteer force is about $1.8 billion a year. In fact, "if the 1971 first-term pay increase is not counted as an all-volunteer force cost, under the rationale that such a pay increase was necessary to offset at least part of the inequities created by having only a selective service draft," then the cost drops to less than $300 million a year. That is about one-fifth of one percent of the defense budget.

RESERVATIONS ABOUT RESERVES

So far the armed forces have rather brilliantly managed to solve most of the problems associated with moving from a drafted force to an all-volunteer force. Perhaps the most serious problem remaining concerns our Reserve Forces. In the past it has been argued that an all-volunteer force lacks "flexibility" in time of crisis. The President's National Advisory Commission on Selective Service, headed by Burke Marshall, stated in 1967 that: "The sudden need for greater numbers of men would find the nation without the machinery to meet it" if the draft were to be abolished.

A draft in such a situation is virtually useless and reliance on it could place us in danger. The flexibility of an armed force is dependent on the speed with which the country can mobilize its manpower and resources to meet a sudden, serious threat to its national security. At the very least, drafting a man for military service takes weeks and, at a time when hundreds of thousands are required, it is likely to take many months. And the result would be a large group of hastily trained, inexperienced, unskilled men who would be difficult to assimilate into our armed forces.

What is required in time of extreme, sudden emergency is a large, active ready reserve force, composed of experienced, skilled, well-trained men and women who can be mobilized quickly and effectively.

Unfortunately, our Reserve Forces today appear to be deficient in quality and quantity. Both the Selective Reserve and the Individual Ready Reserve have significant shortfalls below their authorized strength levels—and the prospects are for things getting worse in the near future.

The Reserves have been low on our priority list for a long time now—including both the periods when we had a draft and when we did not. The situation can be corrected, but it will require the same kind of financial support and effective management that has

made the all-volunteer force work. But if the Reserves are to be taken seriously we will first have to adopt a policy that they really will be called up in time of emergency—before we try to sharply increase the number of teenage volunteers and hastily train them and before we try to reinstitute a selective service system to draft them. In the past, of course, that has been somewhat difficult to do for political reasons.

PERSONAL FREEDOM

In summary, the all-volunteer force that President Nixon established in 1973 has worked. When compared with the performance of virtually any other federal government program, one could say that it has worked brilliantly.

The quality of the men and women serving in the armed forces—when measured by mental aptitude and educational background—has increased under the all-volunteer force.

The number of volunteers has been sufficient to maintain our force levels at virtually 100 percent of our target levels.

The percentage of blacks in the armed forces, for those who are concerned about such things, is only slightly higher than that for the population as a whole.

The proporation of new people entering the armed forces from middle- and high-income areas of the country is virtually the same as it was under the draft.

And the cost of doing all this has been relatively modest.

There is another important aspect of the all-volunteer force, and that is the question of personal freedom. The draft, when it was operating, essentially constituted two years of involuntary servitude to the State. The draft has always been inimical to the basic principles of freedom, and in the past has been tolerated primarily only because it was thought that it was absolutely necessary to have a military draft to maintain the national security of the United States. Some may still feel that an all-volunteer force is a "luxury," but that implies that freedom is a luxury. To many, the all-volunteer force is a necessity of a free society.

The experience of the last five years has demonstrated beyond question that we can defend this country, and the principles on which it was founded, without resorting to methods of military manpower recruiting that violate the very principles we raise the force to defend.

Let us end with a political footnote—for the issue of the draft vs. the all-volunteer force is, in the final analysis, a political issue. If Niccolo Machiavelli were giving advice to the Prince—the last thing he would advise him to do would be to try to introduce a compulsory military draft in a free society, in a time of peace. Especially when all the the evidence confirmed the successful operation of the all-volunteer force that was defending his kingdom.

JOHN CAVANAUGH

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 29, 1980

● Mr. HEFTEL. Mr. Speaker, JOHN CAVANAUGH is the caliber and quality of human being whom the Nation needs in the Congress and he will be missed. I hope for the benefit of his community, he decides to become a part of local government because he has a tremendous capacity to serve and to serve well. He is a young man of ideals, ethical standards, and motivations, all of which our country needs. He has been an effective Member of the Congress, emphasizing only that which was of meaning and significance in terms of legislation well done and not personal attribution or recognition. And so, to JOHN and his family a note of thanks for having served in the Congress and a recognition that he is in fact young enough to one day return to the Congress where he will always be needed.●

U.S. INTERESTS IN THE PACIFIC

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. DANNEMEYER. Mr. Speaker, I rise to address the House out of a concern for the increasingly diminished U.S. presence abroad. We seem to be living in a period when it is the self-appointed task of the President and the Department of State to dismantle our foreign institutions of trade and defense. The prime example of this, of course, was paying the Panamanians to accept the Panama Canal. This setback in our relations in Central America was exacerbated by the subsequent overthrow of our friend Somoza in Nicaragua. Recent months have seen our interests suffer badly in Iran and Afghanistan.

Now a further development has been brought to my attention by David B. Nolan of Canyon Country, Calif. In the following piece, Mr. Nolan places our activities in the Pacific in perspective. If these actions were an isolated instance of U.S. loss of influence they would not be of overwhelming concern. But this seems to be the order of the day, and I fear for the future of this Nation as it retreats before the growing threat of the Soviet bear throughout the world.

I ask unanimous consent that this be printed in the RECORD.

AMERICAN INTERESTS IN THE PACIFIC

After the giving away of the Panama Canal in which the U.S. even paid for the privilege, our State Department was hard pressed for an encore. It has now turned its attention to redefining American interests in the Pacific.

In 1980 the State Department will push for Senate ratification of two proposals which will turn over U.S. Sovereignty to eighteen Central Pacific Islands and hundreds of thousands of square miles of rich fishing waters. The direct beneficiaries of this largesse are two left leaning emerging nations, the island Republics of Tuvalu and Kiribati. The indirect beneficiary is the Soviet Union with increasing naval and economic clout in the strategic waters of Micronesia and Polynesia.

Our territorial claims being waived include islands in the Line, Phoenix and Ellice groups that have been American controlled since the 1800's. Some like Christmas Island and Hull Island (named after the War of 1812 Commander of the U.S.S. *Constitution*) have rich histories. Nine of these strategic islands have warranted U.S. military bases on them from World War II through the 1970's.

Each of the islands in these widespread groups command a radius of two hundred miles in territorial limits into rich fishing waters. Unfriendly control of these islands could spell economic disaster for the multi-million dollar tuna fishing and canning industry in nearby American Samoa. The Republics of Kiribati (formerly known as the Gilbert Islands) and Tuvalu have already indicated that each plans to charge a heavy "conservation fee" for the future privilege of U.S. fishing interests using what are in reality American waters.

The Island Republics of Tuvalu and Kiribati, both under British control until the 1970's, have combined populations of less than 60,000. Yet they clearly have more than enough clout to have the State Department buckle under to their demands.

They are active member states in the anti-American third world conference group called the South Pacific Forum. They have voted against U.S. entry into that organization and have made overtures in favor of the Red Chinese as well as Russians.

The Treaty with Kiribati which cedes fourteen of the eighteen islands in question was signed on 20 September 1979. It is ironic that this unmeritorious action occurred on the Island of Tarawa in which over 3500 Americans gave up their lives in protecting the interest of the United States in the Pacific in World War II.

The State Department hopes for Senate ratification of the Treaty of Friendship with Tuvalu in early 1980. The ratification of this treaty will expedite the further pact with Kiribati.

These current giveaway proposals give nothing in return for the U.S. In fact a power vacuum will be created which will engender further Soviet influence. Already, the Soviets were granted a fishing fleet base in the nearby island of Tonga. With our worldwide naval decline, the Pacific may never again be known as an American lake. The current giveaway in the South Pacific is only symptomatic of world-wide global retrenchment by the United States.●

NO OLYMPIC GAMES IN MOSCOW

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. MAVROULES. Mr. Speaker, I join with my fellow colleagues in supporting the President's policy toward the cancellation, postponement, or removal of the Olympic games from Moscow.

The Union of Councils for Soviet Jews, which is a national, nonpartisan volunteer organization, composed of 27 local councils dedicated to helping Soviet Jews, also vehemently endorses the removal of the Olympics from Moscow. Mr. Robert Gordon, president of the UCSJ, has said:

We strongly believe, given the current situation, our presence in Moscow will make a mockery of the ideals of international cooperation and sportsmanship.

I wholeheartedly concur with the UCSJ's beliefs that we must not allow the presence of American athletes and spectators in Moscow this year to legitimize the Soviet Union's oppressive regime.

The UCSJ proposed a "1980 Freedom Olympics," composed of those countries opposed to the Soviet aggression in Afghanistan, to be held in a free, democratic nation.

For the benefit of my colleagues, I present the text of their statement:

STATEMENT OF UNION OF COUNCILS FOR SOVIET JEWS

"Our view of the document signed in Helsinki can be expressed very briefly and categorically: the Soviet Union stands for full implementation of all parts of the Final Act." Leonid Brezhnev, Time magazine, Jan. 22, 1979, p. 25.

"Is there anything worse than loneliness and separation? Is there a simpler desire than the desire to be together again?

"The letters our relatives [in the USSR] send us cry out for sympathy and help. These appeals are not only addressed to us, the immediate relations, but to all those who still cherish and share the basic principles of humankind—the principles of freedom and liberty." Relative in Israel of Armin Yakubovich, Mukachevo, USSR.

"Absolute arbitrary rule and lawlessness—that is what Soviet emigration policy actually is." Report from Kiev Jews, 1979.

Reconciling Russian rhetoric with reality has long been a dilemma for Soviet Jews. While the free world rejoiced in the recent liberation of prisoners from the Leningrad Trail I, it was noted by some astute observers that this was not simply the humanitarian gesture of a reformed police state. But rather, it was a calculated move to bypass the Jackson-Vanik legislation to advance Soviet interest in securing most-favored-nation status and trade concessions.

Congressman Dante B. Fascell, Chairman of the Commission on Security and Cooperation in Europe, described the situation clearly in an op-ed column for the *Baltimore Sun* on May 23, 1979. The following excerpts are from that article, "Soviet Emigration: Rights and Reality":

"The encouraging rise in the numbers of Jews being allowed to emigrate from the Soviet Union should not serve to cloud the West's perception of the still arbitrary and discriminatory practices employed by the Soviets which reveal the true nature of their emigration policy. . . .

"Statistics and gestures should not serve to obscure the actual situation. Substantiated evidence shows there is little correlation between the number of Soviet citizens who manage to get out and the numbers who would leave if they could. In the case of Jews, for exmple, the rate of emigration is not nearly keeping pace with the rate of applications. In January, 1979, alone, while 3,722 Soviet Jews were allowed to leave, more than 16,000 requested permission to emigrate and were sent invitations to live with relatives in Israel—the first step in applying to emigrate.

"It is no wonder so many Jewish citizens want to leave: Anti-Semitism is rampant in Soviet media, with noticeable increases in 1978. It is also becoming increasingly difficult for Jews to be accepted into any Soviet institutions of higher learning and there are numerous reports of the growing difficulties Jews encounter in obtaining professional employment.

"Soviet emigration policy is still arbitrary and bureaucratic. There are still no published regulations on how to apply to leave the country. The application process is still slow, arduous and costly. Those who actually do manage to apply are often the victims of reprisals including the loss of job or apartment, expulsion from university, conscription into the military or even imprisonment.

"Nor does the 'new wave' of emigration signify any substantial improvement in the treatment of so-called 'refuseniks,' those whose applications have been turned down. Some of them have been waiting for permission to leave for as long as 10 years. With the exception of the welcome resolution of a few well publicized cases, most of the recent emigrants are first-time applicants.

"We cannot ignore the fact that the Soviet authorities recognize family reunification—and no other social basis—as the only justification for emigration. The 1975 Helsinki Accord on security and cooperation in Europe is supposed to foster such reunions, yet in an ironic twist, authorities actually use its provisions to deem which relatives and families 'deserve' reunification. Some, such as the wife and daughter of 61-year-old Anatol Michelson, a Russian-born Floridian, have obviously been marked as ineligible for family reunification. Despite continuing and repeated efforts, this family has been separated for 23 years. . . .

"Soviet citizens, regardless of motivation, are not making unreasonable demands in their efforts to emigrate. They seek only to exercise their legal rights. These are rights guaranteed them under a number of multilateral documents to which the Soviet Union is committed, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the Helsinki Accord. The Soviets are long overdue in honoring these international pledges to which they have long paid lip service."

Thus, in spite of a numerical increase in the visas granted, nothing really has changed for the long-time, long-suffering refusenik. The sparsity of information in this book's case histories reflects the increased repression and terror of the past year that followed the arrests of Anatoly Shcharansky, Ida Nudel, Vladimir Slepak, Iosif Begun, and others. Many refuseniks and their relatives have become more fearful of publicity and hence seem to have released less data about their situation.

Accordingly, we call upon President Carter, the U.S. Congress, and all signatories to the Helsinki Agreement to insist upon a truly meaningful alleviation of the plight of Soviet Jews and their emigration situation. This would include:

1. The release of the Prisoners of Conscience.

2. The immediate granting of visas to those refuseniks who have been waiting more than five years and review the remaining 1,000 hard-core refusenik cases.

3. An end to the punitive draft of young men who apply to emigrate.

4. Assured delivery of all invitations from abroad; these are required to begin the emigration process.

5. Standardization of the emigration procedure. This calls for written, not oral reasons, for refusal. Concurrently, there must be a reasonable, official time schedule specifying the expiration dates for the various classifications of "secrecy."

6. An end of harassment of Soviet Jews who apply to emigrate: loss of jobs, disconnecting telephones, non-delivery of mail, vilification in the Soviet media, intimidation of children in the schools, illegal house searches, detentions, interrogations and arrests.

7. An end to the cultural deprivation of Jews living in the Soviet Union: cessation of harassment of Hebrew teachers and those who wish to study Jewish religion, history and culture.●

PERSIAN GULF POLICY?

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. RHODES. Mr. Speaker, President Carter's tough statement last week on the Persian Gulf region appears to be yet another loud blast on an uncertain trumpet. In his state of the Union speech, Mr. Carter asserted flatly that the United States will defend that area. He said:

An attempt by any outside force to gain control of the Persian Gulf Region will be regarded as an assault on the vital interests of the United States. It will be repelled by use of any means necessary, including military force.

I have criticized that statement in the belief that it lacks credibility because we do not have the means at present to back it up. Now I understand that yesterday the President, during an interview with editors, essentially agreed with my contention that the United States cannot now defend the Persian Gulf. In response to a question, the President is reported as saying that:

We never have claimed to have the ability unilaterally to defeat any threat to that region with ease. What is called for was an analysis by all nations who are there who might be threatened.

Mr. Speaker, is the President declaring that we will defend the Persian Gulf Region—or analyze it? Once again both our friends and our foes can only be puzzled and bewildered about the true intentions of this administration—a very dangerous circumstance. Will Jimmy Carter please have his real Persian Gulf policy stand up—and stay up? ●

QUAGMIRE?

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. DERWINSKI. Mr. Speaker, much has been heard in the past month to the effect that the Soviet Union has begun to enmesh itself in its own "Vietnam" by its recent invasion of Afghanistan. More careful analysis, however, belies that view. John O'Toole, radio commentator and producer, has hit the nail on the head in an incisive article entitled, "Quagmire?". He points out that the crucial difference, as he says, is "not just between Afghanistan and Vietnam, but between the Soviet Union and the United States." It is a short title, but he makes some good points. Afghanistan is hardly likely to be Russia's Vietnam. The text of "Quagmire?", printed in the Washington Post on January 29, 1980, follows:

QUAGMIRE?

One of the more interesting comments heard on the Soviet invasion of Afghanistan is that it may turn out to be the Soviet

Union's Vietnam. The Afghan guerrillas do, after all, control much of the countryside. They will probably continue to resist the puppet government and the Soviet divisions, neither of which have popular support.

Sound familiar? Well, unfortunately, there's a crucial difference, not just between Afghanistan and Vietnam, but between the Soviet Union and the United States. Put simply, the U.S.S.R. will smash the opposition by whatever means necessary, with none of the indecision, none of the qualms we suffered. A free society may do some fairly brutal things in an effort to stamp out armed resistance. Wars are brutal by definition. But we learned in Vietnam that war looks even more brutal if one side is a high-tech, heavyweight society and the other side wears pajamas.

The key word, of course, is "looks." Vietnam looked increasingly unacceptable as it came into the American living room night after night on the network news. But Soviet citizens won't ever see their tanks leveling Afghan villages. They won't see any atrocities or hear any criticism of Soviet foreign policy. If the prime minister of Sweden ever calls their actions in Afghanistan immoral, it'll never reach the home screen in Minsk or Pinsk. No politician in Moscow will rise to challenge publicly the leadership, no students will demonstrate in front of TV cameras, no Russian movie actress will visit the enemy and report back to her fans on how nice they really are.

So if we're wistfully hoping that the big, bad bear will be tamed by the Afghan experience, we've obviously been looking in a mirror. There's no ABC-ski, no Columbia Bolshevik System working on the Soviet conscience. It should be remembered that in the Soviet Union, they're still watching reruns of "Stalin Knows Best."●

THE VISION OF JUSTICE WILLIAM DOUGLAS: HAMILTON POOL IN TEXAS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 22, 1980

● Mr. PICKLE. Mr. Speaker, the late William O. Douglas touched the lives of almost every American, directly or indirectly. As the longest serving Justice of the U.S. Supreme Court, he was a vigorous enforcer of individual rights and privacy. As a dedicated outdoorsman, he had a reverential respect for the land. He was an environmentalist even before the term was invented.

Just about everyone in the Washington, D.C., area who has walked down the C. & O. towpath knows about Justice Douglas' leadership in creating this park. And every Douglas aficionado knows about his love for the Pacific Northwest and Rockies. But not everyone knows about the Justice's love for Texas.

In 1967, Justice William Douglas wrote a book, describing his many hikes, boat trips, and general explorations around the Lone Star State. "Farewell to Texas" is a combination travel-log, natural history, and personality sketch of who Douglas met and what he saw during his travels across Texas.

One of the natural jewels of Texas caught Douglas' eye. The Justice "discovered" Hamilton Pool in the hill country near Austin. Hamilton Pool is a huge limestone sinkhole with some of the clearest water you can imagine. It is probably the most unique swimming hole on earth. Justice Douglas quoted our friend and former colleague, Hon. W. R. (Bob) Poague, who called Hamilton Pool "the most beautiful 3 acres in Texas." Hamilton Pool is a popular recreation spot. It is also the home of many varieties of fish. The pool and nearby stream nourish fertile pasture land.

For years, many people have known what Justice Douglas discovered about Hamilton Pool. Alas, the area is privately owned, and there have been some tentative attempts to persuade the State of Texas, with the assistance of the Bureau of Outdoor Recreation, to buy the land and make it a park. Such a designation would insure that Hamilton Pool would be preserved in its natural state, yet be accessible. Unfortunately, the State has never placed Hamilton Pool in a high enough priority. The efforts and desires of park advocates have been stalemated.

In "Farewell to Texas," Justice Douglas agreed that Hamilton Pool needs saving. His words are as applicable now as in 1967, when he described Hamilton Pool as "a sanctuary dominated by the soothing sound of falling water. Man needs this place of solitude as a refuge."

We are saddened at the passing of our friend and protector of rights and the environment. Perhaps a fitting and permanent legacy to Justice William Douglas would be the declaration of Hamilton Pool as a public park. Justice Douglas had the vision to realize the beauty and uniqueness of this scenic area. In that spirit, I hope Justice Douglas' vision is soon fulfilled. No man could realize a higher tribute.●

1980—FUTURE HOMEMAKERS OF AMERICA

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. NATCHER. Mr. Speaker, the adage, "home is where the heart is," carries a special meaning to the more than 450,000 young people who will celebrate the week of February 10 as National FHA/HERO Week. Future Homemakers of America stands today to improve the quality of family, individual and community life for its members take "homemaking to heart."

Since its founding in 1945, FHA has diverged into two separate, yet complementary chapters. FHA chapters focus their attention on homemaking, family life, and consumer education, coupled with job and career exploration. HERO—Home Economics Related Occupations—chapters place major emphasis on job and career preparation with the recognition that workers also fill multiple roles as homemakers and community leaders.

The young people in FHA have expressed a deep sense of commitment to their communities and to their future through the many and varied activities in which they participate. For example, each of the organization's 12,500 chapters will participate in the 1980 State impact project. This year's theme, "A Child's Rights in Today's World," corresponds to our nationally designated International Year of the Child. Each chapter will serve to emphasize the needs of children everywhere through special programs, lectures, and publications.

The Future Homemakers of America has had since its onset one permeating theme—to help youth become successful adults. FHA has not contrived a precise mold in this effort, for there is no typical future homemaker. Members come from divergent backgrounds—the farm, the town, the urban area. They bring with them varied concerns. Each is an individual. However, in spite of their disparate backgrounds, something is very right about this program. They represent the young men and women who appreciate the heritage of our great land, the high school students who grasp the needs of their home community and seek by constructive action to meet them. In essence, they exhibit the well-balanced, well-directed and caring citizen.

As an honorary member of FHA, I feel it a great distinction at being affiliated with this most reputable organization.

FHA/HERO chapters exist in every State, in every territory, and in each American school overseas; however, few seem more special to me than the 243 chapters found in my home State of Kentucky. It is, I hope, with becoming modesty that I tell you that the Commonwealth of Kentucky is the original charter association in the National Future Homemakers of America. It is with an unabashed pride that I salute Kentucky's current 14,088 FHA members.

I am extremely proud of these outstanding young men and women. The enthusiasm and community spirit generated by all FHA/HERO chapters is certainly an inspiration to us all, and carries promise for an even brighter future.●

NUCLEAR PHYSICIST EDWARD TELLER

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. PAUL. Mr. Speaker, the January 23 issue of Review of the News has an interesting and important interview

of Dr. Edward Teller, conducted by John Rees.

No one knows more about nuclear energy than Dr. Teller, and I would like to call his remarks to the attention of my colleagues. We would be in less energy trouble if we listened more to the Tellers of the world and less to the Naders and Fondas.

The article follows:

[From the Review of the News, Jan. 23, 1980]

NUCLEAR PHYSICIST EDWARD TELLER

(By John Rees)

Dr. Edward Teller is the most widely known American nuclear physicist. Born in Hungary and educated in Germany, he came to the United States 45 years ago and has since worked on nuclear development projects in both the civilian and the military fields. He led the earliest efforts to ensure the safety of nuclear power reactors and to achieve clean power generation. Dr. Teller is Professor Emeritus at the University of California and a Senior Research Fellow of the Hoover Institution.

In his latest book, "Energy From Heaven And Earth" (W. H. Freeman, San Francisco, $15.00), Edward Teller urges that America utilize every feasible form of energy, including nuclear power. This witty, fact-filled, and very readable volume offers an unusually well-balanced look at energy issues and practical solutions. Edward Teller is one of the world's great problem solvers and should be read and listened to with great care.

Question. Dr. Teller, you are well known for your dedication, to the cause of liberty in the world, to the avoidance of war, and to maintaining a strong America. What do you see as the greatest dangers to the Free World today?

Answer. There are ominous danger signals. I need only say Iran and Afghanistan. What is apt to come could be very much more serious than what we see today. It is not improbable that the present moves by the Russians are only an introductory move in a strategy designed to gain decisive power in the Middle East; specifically to gain control of the Middle East oil with the rest of the world depending on the Kremlin for its delivery.

This would give the Soviets an immense influence on the United States, and even more on the rest of the world. That may not be far off.

We in the United States and in the Free World in general want peace much more than we want power. I am afraid that, in the Kremlin, power comes first. The result may be a catastrophe sooner and worse than we now can imagine.

Q. Is there really an energy crisis?

A. There certainly is. The oil reserves of the world are not evenly distributed. Mistaken regulation by our government interferes with the production of oil which used to be the lifeblood of our economy and the economy of the world. In the quarter of a century from 1950 to 1975, per capita energy consumption increased threefold in the developing world, and increased by a healthy 70 percent in the developed countries. Now this is at an end. There are real shortages.

Q. Recently there have been major oil and natural gas discoveries in northern Canada, in Mexico, and others that may be significant off the East Coast of the United States. Some believe that if developed these could provide substantial supplies in the future. Do you think they might alleviate the shortages?

A. They may. We must never give up trying to develop new oil fields. Remember that they take five years to develop, and in the sea and Arctic regions the time is more like 10 years. In addition, even what is found looks to be less and less to a world hungry for energy. That vastly growing need is a problem.

Q. What then is the answer?

A. For a dozen years I have probably given this question more of my time than I've given to any other problem, including even my scientific work. I have just finished a book, "Energy From Heaven And Earth," which treats this. The answer is simple: We must make use of every possible, reasonable, safe, economical way to produce energy; and we must exclude none for capricious, superficial, or mistaken reasons.

If we employ a rational policy, particularly if the full power of the technological capacity of the United States is utilized, then there is hope to avoid a terrible catastrophe. If it is delayed too long, then we will suffer a situation of real harm.

Q. Dr. Teller, do you believe that tax measures such as the Administration proposes can be useful in providing any energy answers, or in sensitizing the public to the problem?

A. Tax measures are a double-edged weapon. It is all too easy to legislate in a manner that will give short-term relief but will cause trouble in the long run. That has happened again and again. I am not against some influence by taxes, but consider them a tool and not a solution.

We have been subjected to unreasonable propaganda concerning the "great profits" of the oil companies, to the extent that our tax laws now make it more profitable for an oil company to invest in government bonds rather than drill needed oil wells in the United States. This delivers us more and more into the hands of the Arab states; and, in the end, maybe into the hands of a Soviet Union with the power to take over the oil fields.

Q. Why do you think there is so much opposition to nuclear power?

A. There are many reasons; but the main point is that the opposition to it is greatly overestimated. In every referendum on nuclear power, with the facts being thoroughly explained, those favoring nuclear power have won, approximately by a margin of two to one. A vocal minority is arguing against it. Their tune is rotgut. Yet the press is amplifying this protest so thoroughly that the average citizen who has no time to look into things gets frightened.

But there is one simple fact that everybody should know. In the Free World there are 200 big nuclear reactors. These could easily provide one-third of all the electricity of the United States and probably a little more. They have worked on the average almost 10 years. In this long working period, involving all of these big, carefully regulated nuclear reactors, not a single person was killed due to the nuclear nature of the reactor. Not a single person was even hurt. There have been accidents, but these have not been due to the reactors themselves. And we have paid for these accidents in dollars, not in human lives!

Q. Will you compare their safety with that of the conventional coal and oil-fueled generating plants?

A. There is no other method that produces energy which would be even nearly so safe as nuclear energy. Coal costs more lives. When dams have broken, even hydroelectric power has caused much damage and killed many people. Nuclear power is the safest energy we have. Remarkably enough, what is most safe is what people have been led most to fear!

Perhaps the relation should be looked at from the other end. Since we have been afraid of nuclear power, we have been very careful about how to apply it. We have introduced so many safety features that not a single person has been hurt. We must maintain our safeguards; and we shall, because in addition to the human factor any lapse costs big money. That guarantees careful implementation and increasing attempts to avoid errors by operators as happened at Harrisburg.

The reactors have been safe, and every indication is that they will become ever more safe.

Q. Dr. Teller, the safe disposal of nuclear waste has been made a public issue by the opposition. What can you say about nuclear waste to put us at ease?

A. There certainly are safe methods of disposing of radioactive waste. We already have great experience in disposing of such waste from our military nuclear programs. Very small amounts of radioactivity did get loose in the past, but again and again, no one was hurt.

We now have much better methods of controlling nuclear radiation. These have been studied and fully approved by the American Physical Society; and, incidentally, by the very careful British Parliament. The new procedure consists of this:

As the heat-producing fuel elements leave a nuclear reactor they are placed into a pool of water maybe 30 feet deep. These elements are still hot. They carry a lot of radioactivity. The pool cools the fuel elements by convection and also absorbs all the radiation so that you can safely stand at the border of the pool.

We leave these elements in the pool for a period of maybe 10 years. Then the plan is to reprocess the fuel elements and extract what is usable in them. We can extract plutonium that can be burned and give new fuel. And instead of its persistence for more than 20,000 years, we can burn up the plutonium effectively in two years.

Of the remaining elements, a lot can still be extracted and used. For instance, cesium, which emits penetrating radiation, can be incorporated in needles and one can use it to irradiate sludge. Sludge contains bacteria, biological poisons, dangerous substances. After being irradiated it is sterile. It does not become radioactive itself but is made safe; so safe that we can easily dispose of it without danger. In fact, in some cases, we may use the sterile sludge as animal fodder.

Q. And what about the other radioactive materials from the old fuel elements?

A. After we have extracted what can be salvaged from the remainder of the fuel elements, some fission products remain. These we can incorporate in solid, insoluble materials. And we plan to bury them several thousand feet deep in a dry and geologically stable layer. There is no chance that it will ever again be in contact with anything alive. In a few hundred years, this radioactivity will decay to a level below that which we find in natural uranium mines.

Q. Isn't there some wastage of valuable radioactive isotopes that could be used for medical, scientific, and technological work in letting the old fuel elements cool for so long and then burying them?

A. A lot is wasted; and, if we put it deep underground, it will be less accessible. Even so, the disposal method I described will cost less than one percent of the expense in producing electricity. But I am not worried about wasting these materials. The world is hungry for energy; it is hungry for nuclear energy. Whatever radioactivity we need for medical, scientific, and other purposes such as the sterilization of food is apt to be available at any time. For the time being, let's bury what we don't use; and let's thereby reassure people to pave the way for very complete public acceptance of peaceful nuclear

energy. If need be, we could later dig up those materials.

Q. Could you give us some comparison of just how much radioactivity is emitted from the average functioning nuclear power plant?

A. What you get from a power plant under normal operation is much less than what you get in a dental X-ray; but I prefer to use another comparison. There was a good deal of talk about the small amount of radiation that escaped during the Harrisburg accident. This radiation was a little more than what had been planned. Even so, nobody outside the plant got as much radiation as every airplane hostess gets in the course of traveling across the country at high altitudes. And she is exposed to whole body radiation. I prefer that comparison because when radiation escapes we get whole body radiation as in an airplane, not just the exposure of one organ as in a dental X-ray.

I am traveling more by air than the average person; but, of course, very much less than an airline hostess. Yet, from my travel by air, I get much more radiation exposure than I would living opposite a normally operating nuclear power plant for a whole year.

Q. I think non-experts would be interested to know that even the stones of the U.S. Capitol emit enough background radiation naturally that it could not be licensed as a power-plant reactor.

A. Yes, it is true that the stones of which many of our public buildings are constructed, such as the granite of which Grand Central Station was built in New York, emit infinitesimal amounts of radioactivity which still is more than that permitted for nuclear power plants. And these minute amounts of radioactivity have been measured at one-millionth of what is really harmful.

Such facts are beginning to become known to our ordinary citizens; and that means the scare slogans of Nader and his ilk will not stand up very long. The people have come to understand that we need to use nuclear energy in order to work our way out of deep energy trouble.

Q. Dr. Teller, the chance that plutonium or other radioactive materials produced by power-plant reactors might be stolen by a terrorist group and used to produce a homemade bomb, or even thrown in the streets to intimidate people with the threat of radioactive contamination, is touted by the anti-nuclear groups as a reason to shut down the power reactors. In your opinion, is there much likelihood of that?

A. I would not worry about it. What is much more likely is that a country like Libya under Colonel Qaddafi will buy plutonium with all its petrodollars, hire scientists and technicians in full secrecy, and develop an atomic weapon which will be provided to terrorists.

Q. Certainly if Qaddafi had an A-bomb he might give it to the Irish Republican Army, to the Baader-Meinhof gang, or to either faction of the Palestine Liberation Organization, whether led by Arafat or Habbash.

A. Secret preparation by the big organization a state can put together might result in this. Habbash does not have such facilities and could not do it unless, for example, Iran were to establish them for him. In that case, many more than 50 Americans would be in danger.

The greatest danger is from secret nuclear proliferation, not from the seizure of a power plant. And we are not going to stop this proliferation easily. There are many ways in which materials for nuclear explosives can be had. They can be obtained from small, uncontrolled, and even secret nuclear reactors which are not used for producing electricity. And the materials for a nuclear explosive can be obtained by isotope separation, a procedure which is known around the world and which is becoming easier year by year.

The only way in which this danger can be diminshed is to create better relations between governments with the power to stop dangerous activity by those who will aid terrorists. The way to do this is to destroy terrorism wherever it exists. The danger is not nuclear power; the danger is the terrorists.

Q. Terrorists have done quite enough damage with non-nuclear weapons. Are there not far worse substances terrorists might obtain easier than radioactive materials?

A. Indeed, I have even more proof that the danger from terrorists is not dependent on nuclear power, because the worst things a terrorist could do may be done by biological means. By spreading disease. A terrorist can do immense damage, and international cooperation to stop terrorism is over due. I can not understand those politicians who would negotiate with terrorists even while they are performing their terrorist acts.

Q. Dr. Teller, you know the United Nations began back in 1972 or 1973 to try to define what terrorism is as a first step toward encouraging member countries to outlaw it. But the U.N. was unable to define terrorism because so many of its member states give aid and comfort to such criminals. The first political figure to give a good working definition of terrorism was Congressmen Larry McDonald of the Armed Services Committee. McDonald calls it a violent attack on the non-combatant, the civilian sector of the community, for the purpose of intimidation, in order to attain a military or political goal. The hostage situation in Iran and the invasion of Afghanistan are in this respect different, the one being terrorism and the other not. Both, however, are outrageous. Do you think these acts might tend to bring to their senses those countries which have been aiding terrorists and at the same time trusting the U.S.S.R.?

A. I am very happy to comment.

Some people cynically say that the one whom I like is a freedom fighter; and the one whom I dislike is a terrorist. I think that Congressman McDonald has given the right definition; but I would like to put it more drastically. Those who attack women and children, those who attack diplomats, those who attack negotiators—they are the terrorists. Those who attack military power are not terrorists.

Now, Afghanistan has little to do with the issue of terrorism. That is not terrorism; that is barefaced aggression which is perhaps even worse than terrorism, and harder to resist. But the Iranian hostage situation, that is indeed terrorism.

Certainly I cannot understand those who would deliver the West Bank to terrorists. It is remarkable that during the negotiations on how to establish Arab self-rule in Palestine the chief imam of the Gaza Strip, a man who was thoroughly anti-Israel, was stabbed to death by the Arafat terrorists. How can we even try to agree with such people who impede diplomacy by terrorist activity? I think the line must be drawn. After terrorism is exterminated, then we can work toward a more peaceful world; but that again calls for power in the hands of those who want peace and peaceful order.

Q. Do you think the expansion of nuclear power plants will increase the likelihood of nuclear weapons proliferation?

A. On the contrary, the peaceful use of reactors for the production of electricity, under present conditions with the supervision of the International Atomic Energy Commission, will lessen the likelihood of war. That is for two reasons. First these reactors are regulated and inspected, and so it is difficult to obtain nuclear explosive material from them without it being detected by the I.A.E.C. The second reason was contained in a statement by a Russian academician who said that Russia has embarked on building nuclear reactors and therefore need not participate in the fight for oil. Need not and will not are two different matters entirely, but it is an important point.

Energy abundance had been put to death. For the underdeveloped governments this not only means lack of energy that is needed for industrial development, it means lack of energy that is needed for irrigation, that is needed to produce fertilizer. Lack of energy means starvation and utter despair as the number of people in the world multiplies. As people despair, they are apt to turn to violence. The despair in Germany over the Great Depression brought Hitler to power. What despair in the Third World will do to the stability of our globe is hard to imagine.

More controlled nuclear energy is not only a peaceful instrument, it is an instrument to produce and ensure peace.

Q. We have been talking about the need for more use of peaceful nuclear power, but the anti-nuclear forces, particularly those controlled by the Soviet Union through its World Peace Council, lump everything nuclear under the dual slogan, "Ban the Bomb, Ban Nuclear Power." So two questions come to mind: Why does the Soviet Union want to block our development of nuclear power; and, secondly, why does the Kremlin want us to stop developing our strategic and conventional weapons?

A. The second question is easy. The Russians want power. They always did. The desire of power at present has taken the shape of an ideological movement called Communism, a movement for the "blessings" of Communism. Many of us do not want to be so "blessed." We must therefore be coerced. The Russians prefer to coerce by threats, by exhibiting superiority, rather than by war; but, if need be, even war. Maybe.

The Russians are going ahead in every form of military preparedness. At the same time, they are trying to prevent us from increasing our own preparedness. And that is the real and deceptive basis for SALT II. That is why the Russians want to "Ban the Bomb" under conditions which will enable their secret society to evade the ban as we in our open society cannot.

Your other question as to why and how the Russians are opposed to nuclear power is more involved.

In Russia they are not opposed to it. There are Communist groups outside Russia which are opposed to nuclear power and there may well be Communist groups outside Russia which are not opposed to nuclear power. At any rate, this much is clear: If anyone wants the United States to be weak, they can accomplish it by banning safe, economical, clean nuclear power.

I am not saying that all the people opposed to nuclear power want to hurt the United States. Some are mistaken; some want sensation; some may be honestly frightened. The more you tell scare stories, the more you are apt to have nightmares; and the less you understand the topic you are discussing, the more easily you may be scared. I do not want to say that the visit of Jane Fonda to Hanoi proves she is a Communist; I only want to say that I am a better actor than she is a nuclear engineer.

Q. In your judgment, Dr. Teller, which country now has the lead or edge in development of nuclear power?

A. A few years ago, clearly, it was the United States. But the fact that our government does not support nuclear power, that it indeed has given nuclear power the lowest

priority, is bringing about a change. How far it has gone, I do not know. Unless there is a change in policies, our leadership will certainly be lost in a very short time. At the same time, the Russians are doing everything in their power to mass-produce nuclear power reactors and take over that leadership. I think a revision of our policy is in order.

Q. Will you summarize the benefits of nuclear-power development for America?

A. That I can do easily. A big, well-constructed nuclear power plant could each year save $500 million in present currency on the price of oil needed to generate the same amount of electricity. This means that a reactor could pay back its construction costs in three years.

We now take more than 10 years to build a reactor. Some nations do it, while observing all our safety regulations, in little more than five years. We could do this too; but we take so long to construct these plants because we encourage people not only to review our nuclear plans, but to bring in nontechnical people to criticize and criticize again. In short, we subject nuclear plants to interminable harassment. If we would streamline our procedure, if we would go ahead with a rational program, we could begin to affect oil production through nuclear power in a little more than five years.

Q. What steps can Americans take to ensure that the benefits of nuclear power are realized for the United States?

A. What is desperately needed is public education, public acceptance, and a man who has clearer views on nuclear energy than the incumbent nuclear engineer in the White House.

Q. Then you think that development of nuclear energy can provide the answer to the energy crisis we face?

A. Nuclear energy is an answer to the energy crisis. A massive and dangerous problem rarely if ever has one answer. We need nuclear power plants; we need to encourage people to drill for more oil and gas; we need methods to obtain coal in a clean manner and by means which will endanger fewer human lives. Although coal will remain more dangerous than nuclear power, we could for example gasify coal undergound. We are doing very little of this. We could do advanced research on solar power; which is encouraged, but again and again has been made a cause célebre of premature hopes.

I have discussed these and many more approaches in my book, "Energy From Heaven And Earth."

But what we need more than anything else is greater public understanding, brought about with the help of an honest public press. Much of our problem results from the fact that the press has printed all these scare stories, while almost never publishing the refutation by trained and knowledgeable scientists. What gives me confidence is my belief that in the end the American people will see the reasonable solution. Let's hope that it's not too late.●

STATEMENT FOR THE INTELLIGENCE REFORM ACT OF 1980

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. LUKEN. Mr. Speaker, today I am introducing a bill to improve the ability of our intelligence agencies to operate and to protect our intelligence officials.

The measure I am introducing, the Intelligence Reform Act of 1980, is identical to a bill introduced in the other Chamber by the distinguished Senator from New York, the Honorable DANIEL P. MOYNIHAN.

This bill decreases the number of congressional committees to which intelligence activities must be reported. Although I believe intelligence officials must be accountable to Congress, accountability should not be allowed to stifle effectiveness.

In addition, this bill protects officers, agents, informants, and sources of national security information. This provision will improve our ability to obtain necessary information.

Under this legislation the Director of Central Intelligence is given the responsibility of protecting intelligence personnel, sources, and methods.

Recent, unfortunate world events have dramatically reminded us of the importance of an effective intelligence system. It is time that we in the Congress took a good look at our intelligence operations to assure that they are designed to meet the needs of our country and the free world.

Abuses of power can never be condoned, and, likewise, the bondage of our intelligence community cannot be tolerated. We must take appropriate steps to protect our intelligence officials so that they may work to protect democracy.●

SECRETARY GOLDSCHMIDT DISCUSSES BICYCLE USE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ANDERSON of California. Mr. Speaker, as you know, I have often used these pages to try and convince more of our colleagues that bicycling can be a viable and important mode of transportation. Some of our colleagues may be tired of hearing me talk about this, so today I would simply like to call their attention to an interview with Secretary Neil Goldschmidt that centered on this very subject. The interview was conducted by Tom Healy, bicycle columnist of the Indianapolis News, and appeared in the February 1980 issue of American Wheelmen.

AN INTERVIEW WITH NEIL GOLDSCHMIDT

(By Tom Healy)

The bicycle itself, of course, is not going to become a mass transit vehicle. But for transit to work effectively and efficiently in the suburbs, there must be a series of collection points where high-occupancy vehicles can pick up commuters. In some places, it seems to me, the bicycle might be an excellent personal choice for getting to the collection depot. As for the move to the suburbs, it's true that—according to forecasts—suburban populations will increase from today's 40 percent to about 43 percent by 1990. However, there is a countervailing move back to the cities—a trend that I believe may increase as gasoline prices rise and cities become more desirable places to live. As that occurs, bicycles should become more prevalent because of the shorter travel distances involved.

The bike is useful in expanding the effectiveness of mass transit by increasing the service radius of a given transit stop, as demonstrated by pilot projects in San Diego and Seattle. Do you feel this is to be encouraged and, if so, how?

Yes, as I mentioned a moment ago, there are good opportunities for transit and bicycles to complement each other. The cities you mention provide racks on some of their buses. Other metropolitan areas (San Francisco, Philadelphia, Washington, for example) provide bicycle parking at transit stations. These relatively low-cost measures are effective ways to improve the operation of our transportation systems, and both UMTA and FHWA encourage the use of federal funds for such projects.

What effect on bicycling will your proposal to combine the Urban Mass Transportation and Federal Highway Administrations have?

That was my predecessor's proposal and while it may have merit, I have put aside for the time being any plans to merge the two agencies.

How do you see the bicycle fitting into the current U.S. DOT transportation scheme?

I think the bicycle gives people another option and, very significantly today, a highly energy efficient option. Not everyone can use a bicycle for his or her major travel needs, but nearly everyone can use a bike to serve *some* transportation needs. I believe bicycles are destined to become more important in our transportation scheme, especially as a replacement for the car for short trips. More than half a million Americans already commute by bicycle. So it works. Our big problem, of course, is to persuade people that there are alternatives to the car.

What can DOT do to encourage the safe use of bikes on public roadways?

We are just completing a study of "Bicycle Transportation for Energy Conservation," to be submitted to the President and the Congress. The thrust of the study is to describe the obstacles to bicycle use and suggest a program for encouraging bicycle transportation. Unfortunately, there are few easy answers to the problem. The preliminary findings of the study are that more people will ride when they perceive the bicycle as a "legitimate" means of transportation, and when our streets and highways are designed for two-wheel as well as four-wheel traffic. We are working with other federal agencies and with state and local governments to gain greater recognition for the bicycle's advantages and for the needs of bicycle users, but unless the gasoline pumps suddenly run dry, I don't think we're going to see streets full of bikes overnight.

Congress is considering an appropriation for the bicycle program established last year by Section 141 of the Surface Transportation Assistance Act. At present, the bill calls for $4 million. For what types of projects would this money be available?

Section 141 authorizes DOT to make grants to state and local governments for construction or non-construction projects "which can reasonably be expected to enhance the safety and use of bicycles." That's a broad charter, and in my view should cover almost any kind of bicycle project a community might want to undertake. The actual funding program will be administered by the Federal Highway Administration.

How do you feel about allowing bicycles on the shoulders of Interstates? California, for example, has opened 550 miles of Interstate highway to bikes, while New Jersey has outlawed bicycles on Interstate routes.

The mix of bicycles and high-speed Interstate car/truck traffic is, at first glance,

frightening. But the deliberate action by the California Department of Highways suggests that bike traffic on Interstate shoulders may be acceptable under certain circumstances. Personally, I would not encourage it as a general rule for safety reasons.

Many states (Wisconsin is perhaps the best example) have experimented with the idea of converting abandoned railroad rights-of-way to recreational uses—not only for bicyclists, but for joggers, hikers, cross-country runners, etc. The Department of Interior advocates the "rails to trails" concept in its forthcoming book. *Nationwide Outdoor Recreation Plan.* It proposes that Congress approve authorization of $25 million to fund the program. Would you favor such a program?

The Department of Transportation prepared a study in 1977 for Congress on the re-use of abandoned rail rights-of-way. That study strongly supported the idea of converting them to recreational trails. It's still a good idea.

Why is the bicycle short-changed in any official government policy statement?

If you mean, "Why aren't bicycles mentioned specifically and frequently," I think it's largely an attitude problem, not an intentional slight. The bike has been a plaything in America and it is difficult for people to think of it as a responsible, viable, competitive form of transportation. That attitude, I suggest, is changing and—I predict—will change more rapidly in the years ahead.

But the bicycle saves fuel, reduces air pollution, saves travelers money and—on top of that—is a proven mental and physical conditioner. Why, then, isn't it taken seriously?

I can only go back to what I said before. Most adults still associate bicycling with something they did as kids, and gave up when they were old enough to drive. And even though some have taken it up again, it has been primarily for recreation—for fun. For some reason, people are uneasy with the idea of having fun getting to work! And these personal perceptions undoubtedly have a lot to do with the actions taken by public officials.

With increased use of bicycles as transportation for commuters, what types of facilities will be provided?

The bicycle transportation study that I mentioned identifies the following facilities as most needed or useful: improvements to streets and highways, including wider curb lanes, paved shoulders and the elimination of hazards; maps and route signs; and secure bicycle parking at commercial and work locations.

Some futurists depict a scenario for America of policemen, postmen, meter maids, delivery persons and commuters riding bicycles at least part of the time. How realistic do you think that concept is?

I think it's a matter of degree. You can go to various places in our country today and see bicycles being used for all those purposes. As people become more energy-conscious, the utility of the bicycle will unquestionably loom larger and its use will almost certainly increase. But how soon or to what extent we will become a bicycle society is hard to predict.●

CHICAGO MILL FOREST

HON. JERRY HUCKABY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. HUCKABY. Mr. Speaker, currently wending its way through the Congress is a bill that would declare some 50,000 acres of bottomland hardwood in northeast Louisiana as a wildlife preserve. As many of my colleagues know, there is a tendency to clear such lands in order to make room for agricultural production.

I am not opposed to the production of agricultural products, indeed I think it is the backbone of the American way of life. But, at the same time we should make a commitment to our future generations that they will not be deprived of the natural beauty that abounds in this country. This particular area known as the Chicago Mill Forest has been termed the redwoods of the South. It is one of the last remaining areas containing these bottomland hardwoods and it should not be allowed to disappear.

Lynn Greenwalt, Director of the U.S. Fish and Wildlife Service has said that he considers this tract of land a treasure that compares with the redwood forest and sequoia forest of California.

I wanted to bring to my colleagues' attention an article printed in the Madison Journal in Tallulah, La. I feel that the article expresses the opinions of a majority of the people in the area involved. It also gives a good account of the history of the land. The article was written by Nate Durham.

The article follows:

CHICAGO MILL FOREST—BEANS OR BUCKS OR BOTH

(By Nate Durham)

Pictures of the virgin tupelo and cypress trees of Coochie Brake and the virgin pines of Winn Parish, where lie the roots of our family, almost stagger the imagination. Trees 12 feet in diameter—in reality as tremendous as the redwoods and sequoias.

Even before I was born most of it had fallen to the saws of the lumbermen. By the time I started college, all the big pines were gone, and even their stumps were being dug out of the ground for the turpentine mills.

About 150 sq. miles of Winn Parish was within a massive flatwood forest of many different types of oak timber. This area, between my home on Saline Lake and the village of Atlanta, borders and includes Coochie Brake, and till last year was the largest single tract of hardwoods left in the whole of central Louisiana. The area teemed with game—deer and squirrels and turkeys and even an occasional bear or big cat would be seen.

In the 50s and 60s our family brought in 40 to 60 deer per season from this forest—from those pin oak and white oak flats. But now, most of it has been clear cut and burned. Even that remaining has been original hardwoods remain. This past year, our family, though larger in numbers, brought in only 2 deer.

Most of the land cleared belongs to private companies like Olin Matheson, but some was owned by private individuals or families. And in our free society, who can tell these companies or individuals what to do with their land. They wish to grow pine timber, to the exclusion of all other timber, regardless of what such exclusion does to game populations, and what can be done.

Even on National Forest land, areas have been cut and or thinned of all except yellow pines to the point that little game will be supported in the future.

If the present rate of clearcuttings and or thinning pine timber of the hardwoods continues, my grandson will not know forests full of game such as I have known. In my grandfather Joab Durham's lifetime all the virgin timber was cut—to the last tree—leaving no single area of Winn Parish for my generation to know and appreciate what God had given us as a heritage. Similarly, in my generation, it appears that those who own or manage the land and forests, even our national forests, care little if at all of our natural forests heritage.

I thank God for the John Muirs and others of vision who, just in time, saved a small portion at least of redwoods and sequois of California for future generations of us Americans.

In the past few years the bottom land hardwoods all up and down the Mississippi River valley have fallen at an ever accelerating rate to the saws of man—not for growing pine timber—but for growing soybeans and other agricultural products. At such a rate that only a small fraction of hardwood timber remains of the once vast river bottoms in N. E. Louisiana. This remainder is held by a few family groups, and by one corporation, the Chicago Mill and Lumber Co. of Chicago. This corporation owns 100,000 acres of hardwood timber in one solid block among the Tensas River in Madison, Tensas and Franklin parishes.

When the corporation a year ago announced it's intention to clear cut for agricultural purposes it's remaining timber lands, concerned sportsmen and conservationist like Dave Noreen began a concerted movement to preserve at least part of that one last large tract of hardwood forest.

At first much opposition was encountered—even from sportsmen—such as those whose hunting leases on company property would be lost—but finally, most people realized that only a real major effort would save that last big tract of wild game habitat. People from all walks of life joined sportsmen in closing ranks behind efforts of Congressman Jerry Huckaby to acquire at least half of the company lands for a federal wildlife preserve.

The owners of the land offered to sell the land to the government for the sum of $800 per acre, less than half of the cost of similar land thereabouts. A good investment possibility for us taxpayers.

But a tremendous investment of untold benefits to my grandsons and future generations. So much is at stake that we must not allow any detriment tax or wavering of resolve, or slowing of support, to hinder Congressman Huckaby's work for this and future generations.

Lets show Cong. Huckaby our continuing sincere support for his bill, H.R. 3107 (Tensas National Wildlife Preserve) by writing him in Washington, D.C., and by asking our neighbors to write, too.

Would that my grandfather's congressman and his generation of sportsmen had cared that much—to have saved some of our Winn Parish forests in their original state for my grandsons and ours to enjoy.●

AMERICAN CITIZENS ABROAD

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ALEXANDER. Mr. Speaker, today I would like to begin inserting the issues dealing with American citizens living and working abroad as de-

fined by the "American Citizens Abroad."

The article follows:

ISSUE NO. 1—CONSTITUTIONAL RIGHTS OF CHILDREN BORN ABROAD

SUMMARY OF THE PROBLEM

In 1971, in Rogers vs Bellei, the Supreme Court by a narrow majority of five-to-four ruled that American children born abroad have diminished Constitutional Rights as citizens of the United States. While the Congress can do nothing to arbitrarily deprive U.S. citizens born in the United States of their citizenship, no such prohibition impedes the actions of the Congress in dealing with Americans who were born abroad.

ACA'S QUESTION

ACA asked that the President address the issue of whether there should be two classes of citizens in the United States, those with full Constitutional rights, and those with only some of the Constitutional protections.

THE PRESIDENT'S REPLY

The President chose not to directly address the problem of second-class citizenship rights as defined by the Court in the Bellei case. The President merely restated the general findings of the Court.

ACA'S RENEWED QUESTION

The unanswered question remains. Should there be two classes of citizenship in the United States? Should some citizens have fewer Constitutional protections than others. We invite the President and the Congress to both reflect on the implications of this present situation.

ACA would like to also mention that taking umbrage in a decision of the Supreme Court to justify maintaining such discrimination against a certain class of American citizens has historically not been well justified. In the late 1800's the Supreme Court found it Constitutional to discriminate against some citizens on the grounds of race. In the early 1900's the Supreme Court found it Constitutional to discriminate against some citizens on the grounds of their sex. It is not surprising, therefore, that the Court may have found that the geographical location of a citizen's birth gives sufficient justification for diminishing an American's rights. What is needed is a clear recognition by the American people that such a tortured interpretation of our Constitution is not worthy of our great country.

We appeal for redress on this fundamental issue.

ISSUE NO. 2—PRESIDENTIAL ELIGIBILITY OF CHILDREN BORN ABROAD

SUMMARY OF THE PROBLEM

The Constitution states that for a person to be eligible to run for the office of President of the United States he must be a natural born American citizen.

ACA'S QUESTION

Is a child born abroad to an American citizen parent a "natural born American citizen"?

THE PRESIDENT'S REPLY

The President stated that "the meaning of the term "natural born citizen" has never been definitively determined. Its meaning has been argued for years and legal authorities are divided on the issue. Because of the legal complexities inherent in this issue and the skills and judgement required to interpret relevant provisions of law, it is appropriate and advisable to look to the courts for its resolution."

ACA'S RENEWED QUESTION

The question remains, what is the presidential eligibility status of a child born abroad to American parents?

The President suggests that the appropriate forum for resolution of this definitional problem is in the Courts. We doubt that he seriously means what he says. Let us take a quick look at what such an action by the Courts would involve.

In the United States one cannot ask the Supreme Court for an advisory opinion on a basic Constitutional issue. There must be a case. And the case must be appropriate to raise the question that needs resolution. In the situation at hand, the President is suggesting a monumental institutional crisis.

To bring this question to the Supreme Court for ultimate resolution an American born abroad would have to have been nominated by one of the major political parties and been elected to the office of President. Only then could a suit be brought challenging his Constitutional eligibility to fill this office. Thus a President-elect, and a tense nation who had just elected him, would have to await the judgment of the Court as to whether he was Constitutionally entitled to fill this office. We doubt that the President seriously intended to suggest that this is how this question should be resolved. We doubt that there is any other way for the Courts to make a definitive finding.

We ask once again, therefore, for the President to consider recommending to the Congress an appropriate form of legislation to resolve this definitional problem. We recommend to the President that heed be taken of the action of the First Congress in 1791 when the first immigration legislation specifically used the terms "natural born citizens" to describe the status of some children born abroad to an American parent.

This issue is a Constitutional time-bomb that would be much better addressed prophylactically than left to create a situation of dire institutional crisis some day in the future. Failure to address the problem will also further complicate the political aspirations of the forty-thousand plus children born abroad with American citizenship each year.

We appeal for redress on this important issue.●

HOPEFUL SIGN FROM SUPREME COURT DISSENT

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. PICKLE. Mr. Speaker, the following two stories which recently appeared in the Washington Star indicate that the Supreme Court is becoming more mindful of the problems that school busing creates. It is becoming increasingly apparent that we need a more reasonable approach to school integration. Congress has made clear through numerous statutes its belief that busing solely to accomplish integration should be abandoned, but these statutes are basically meaningless as long as the Federal courts say the Constitution requires busing.

These two articles indicate that the Supreme Court is becoming more concerned and even outspoken about the problem. This is an encouraging sign to me—that the Supreme Court is openly saying busing at any cost is actually counterproductive to racial integration. I think the record speaks for itself—where massive busing has been ordered, resegregation has occurred, and the school system has suffered. I agree with Justices Powell, Rehnquist, and Stewart that the U.S. Constitution does not require busing when it obviously leads to resegregation.

My own city of Austin, Tex., is now embroiled in court-ordered busing. Any segregation problem remaining in Austin could be handled better than by massive busing. We are law abiding citizens who are not going to disregard a Supreme Court decision, but we are bothered and troubled about the prospects of massive, forced busing.

These two articles indicate that at least three Supreme Court members are seeing the real-world contradictions court-ordered busing causes. The clearest message from the dissent seems to be in numbers. There are now three judges willing to temper the "bus at all costs" philosophy of the fifth circuit court of appeals. I personally think at least one other Justice shares similar views.

It is my sincere hope that in a short time there will be a Supreme Court majority opinion to end this busing impracticality. I still believe this is our best course.

Mr. Speaker, I insert the two articles at this point in the CONGRESSIONAL RECORD:

[From the Washington Star, Jan. 27, 1980]

WHEN SCHOOL BUSING FAILS, A DOUBLE DOSE IS NO REMEDY

(By Lewis F. Powell)

(NOTE.—The Supreme Court last week refused to hear the case of Estes v. Metropolitan Branch, Dallas NAACP. It thus left standing a Court of Appeals order that is likely to lead to a broadened school busing plan for the Dallas, Texas, public schools.

(Justice Lewis F. Powell, joined by Justices Stewart and Rehnquist, dissented. In arguing that the Supreme Court should have heard the case, he discussed the consequences of what he feels is excessive court-ordered busing in some cities. This is adapted from portions of that dissent.)

It is increasingly evident that use of the busing remedy to achieve racial balance can conflict with the goals of equal educational opportunity and quality schools. In all too many cities, well-intentioned court decrees have had the primary effect of stimulating resegregation.

The experience in Dallas presents a striking illustration of this problem. If the District Court orders substantial additional busing, as the Court of Appeals apparently thinks it should, recent history suggests that the Dallas school district will be well on the road to the "separate but equal" conditions mistakenly approved in Plessy v. Ferguson (1896). Such an outcome is no less real or less regrettable when caused by courts with benign motives. The promise of Brown v. Board of Education (1954) cannot be fulfilled by continued imposition of self-defeating remedies.

I believe that two rules provide the basic outline for responsible exercise of the courts' equitable powers in school desegregation cases. First, the nature of the desegregation remedy is to be determined by the nature and scope of the constitutional violation. The remedy must be related closely to the deprivation. Otherwise, a desegregation

order may exceed both the power and the competence of the courts.

Second, the measure of any desegregation plan is its effectiveness. A court must act decisively to remove purposeful segregation, but it also must avoid the danger of inciting resegregation by unduly disrupting the public schools.

Unless courts carefully consider those issues, judicial school desegregation will continue to be a haphazard exercise of equitable power that can, like a loose cannon, inflict indiscriminate damage on our schools and communities.

Although this court's guidance in desegregation cases necessarily has been general, its emphasis on effectiveness and practicalities reflects an appreciation that perfect solutions may be unattainable in the context of the demographic, geographic and sociological complexities of modern urban communities. The imperfect nature of court action in school cases is evident in the phenomenon of self-defeating remedies, desegregation plans and continuing oversight so unacceptable that many parents seek to avoid the reach of the court's decree. The impact of such remedies may be seen in higher enrollment in private schools, in further migration to the suburbs, or in refusals to move into the school district.

The pursuit of racial balance at any cost is without constitutional or social justification. Out of zeal to remedy one evil, courts may encourage or set the stage for other evils. By acting against one-race schools, courts may produce one-race school systems.

Parents with school-age children are highly motivated to seek access to schools perceived to afford quality education. A desegregation plan without community support, typically one with objectionable transportation requirements and continuing oversight, accelerates the exodus to the suburbs of families able to move. The children of families remaining in the area affected by the court's decree are denied the opportunity to be part of an ethnically diverse student body. The general quality of the schools also tends to decline when substantial elements of the community abandon them.

BROAD CONSEQUENCES

The effects of resegregation can be even broader, reaching beyond the quality of education in the inner city to the life of the entire community. When the more economically advantaged citizens leave the city, the tax base shrinks and all city services suffer. And students whose parents elect to live beyond the reach of the court decree lose the benefits of attending ethnically diverse schools, an experience that prepares a child for citizenship in our pluralistic society.

The District Court in this case was properly concerned over resegregation and community support for the Dallas schools. The facts before the court made that concern unavoidable. In the five years following the 1971 desegregation decree, the proportion of Anglo students in the Dallas public schools had dropped by almost half. The trend has continued. The futility of administering larger doses of a remedy that has failed is self-evident. In this situation, I can see no justification for reverting now to further studies with the goal of attaining increased racial balance through additional busing.

A desegregation remedy that does not take account of the social and educational consequences of extensive student transportation can be neither fair nor effective. The Court of Appeals seriously erred when it remanded this case with a mandate that seems certain to accelerate the destructive trend toward resegregation.

As this court should not tolerate this error, even by silence that might give rise to an inference of approval, I dissent from the court's failure to decide the case and reinstate the District Court's plan—a plan that does have promise for success.

[From the Washington Star, Jan. 24, 1980]

"SELF-DEFEATING REMEDIES"

The Supreme Court this week revoked an earlier agreement to consider a Dallas school case. It called its earlier inclination "improvident," but it wasn't. As Justices Powell, Stewart and Rehnquist argue, the Court is evading an issue that cries out for guidance.

The issue is what the three justices call "self-defeating remedies" in school desegregation that promote *resegregation* and leave minority students even more isolated than before court intervention.

The Dallas case appears a classic instance. Since a U.S. District Court in 1971 imposed a "busing" remedy in Dallas (the nation's eighth largest school district, of 351 square miles) whites have fled the schools in vast numbers. When the Court first acted, "Anglo" students were 69 per cent of Dallas's enrollment. By 1975 they were 41 per cent. Last year, 33.5 per cent. Presumably white enrollment is still falling. In 1971, the District Court ordered 1,000 Anglo students bused to formerly all-black high schools. "Fewer than 50," says the court, "attend those schools today."

That sobering experience explains why the same District Court—and a substantial part of the Dallas community—are now at odds with the Fifth Circuit Court of Appeals about what further desegregation is workable. A revised Dallas plan, busing about 20,000 students, leaves 62 schools, a third of the system, as "one race" schools—where more than 75 per cent of the students are of one race.

The District Court tolerates this vestige of segregation because to alter the racial alignment further would mean busing young schoolchildren—and, further, because it is the court's experience that cross-busing high school students in 1971 failed entirely. The District Court approves so-called "magnet high schools," more likely to put a multi-racial clientele in the schools.

What brought all this to the Supreme Court's attention was Fifth Circuit Court disapproval. It has sent the case back to Dallas for further exploration of the 62 "one-race" schools remaining in the system.

As Justice Powell indicates, this is essentially an irrelevancy. The 62 one-race schools reflect practicalities perceived by everyone in Dallas, and are (in the case of the refusal to bus younger children) consistent with Supreme Court rulings.

The Court of Appeals needs to understand that the steps it insists upon probably will not improve, and may aggravate, the lot of minority students. But the message isn't getting through. In one Alabama case the same Fifth Circuit approved a desegregation plan while acknowledging that it would "probably result in an all-black student body, where nothing in the way of desegregation is accomplished and where neither the white students nor black students are benefited."

What is the aim of plans that cause so much disruption but benefit no one? Ostensibly, to enforce constitutional rights. But rights so nugatory are worthless.

On the evidence of the Alabama case, Fifth Circuit judges are not blind to the results of some of the remedies they impose. Why, then, do they persist? Justice Powell thinks the trouble may stem, in part, from a 12-year-old Supreme Court decision (*Green v. County School Board*) in which the Court called for systems "without a 'white school' or a 'Negro school.'"

From that ruling it followed that *all* one-race schools must go, regardless of whether a court had power to eliminate them. As Justice Powell notes, "this language was suitable to the small rural county . . . where there were only two schools and 1,300 schoolchildren of both races scattered throughout the county. But . . . in large cities, the principal cause of segregation in the schools is residential segregation, which results largely from . . . conditions over which school authorities have no control."

To go on pressing, in large cities, for an end to all one-race schools means stimulating white flight—as in Dallas, Boston, and other places—leaving minority students more isolated and sapping the vitality and tax base of the cities.

Congress, alas, lacks the resolution and leadership to establish, as it is empowered to do, a fair and *workable* national school policy. In its absence, prudent judgments still need to be made. When they are reasonably made by lower courts in consultation with the people affected they should not be casually set aside on old and often irrelevant precedents. In the Dallas case, Justice Powell observes, "the Court of Appeals failed to accord proper deference to the District Court's conscientious execution of this delicate task."

The Supreme Court should intervene. It should clear up old rulings that now render workable desegregation plans legally suspect. It should make room for prudence in school desegregation. There were three votes to do so this week. It is everyone's loss that there were only three.●

IMPORTANT BUDGETARY ISSUES

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. EDGAR. Mr. Speaker, because of the grave importance of Federal budgetary issues, the Northeast Midwest Congressional Coalition created a task force on the budget. Under the energetic leadership of Representatives CARL PURSELL and TOM DOWNEY, the coalition has produced an analysis of the President's 1981 budget proposal. This is the part of the coalition's analysis on water supply and quality issues and the Department of Defense:

BUDGET BRIEF NO. 1: WATER SUPPLY AND QUALITY

HIGHLIGHTS

The administration's water resources budget (Function 300) includes funding for the Army Corps of Engineers, the Water Power and Resources Service (formerly known as the Bureau of Reclamation), and the Environmental Protection Agency. Although outlays for this function increased dramatically (60 percent) from fiscal 1975 through fiscal 1979, the rate of these increases has been declining in recent years—from 29 percent in fiscal 1975 to 8 percent in fiscal 1979.

The fiscal 1981 budget requests an additional $300 million for the sewage treatment construction grants program and additional funds for hazardous waste management programs. The president, however, recommended no new construction starts for water projects this year.

Because of the structure of existing water resource programs mandated by Congress,

the Northeast-Midwest region has never received levels of per capita funding in this function which approach those achieved by other regions. As a result, many of the region's water problems, including the repair and maintenance of urban water supply systems, continue to be neglected.

I. Water supply

BUDGET SUMMARY

[In millions of dollars]

	1979	1980	1981	Percent change, 1980–81	
				Actual	Adjusted for inflation
Army Corps by Engineers:					
Budget authority	2,817	2,914	3,074	5.5	−2.9
Outlays	2,933	3,185	3,081	−3.3	−10.9
Water Power and Resources Service:					
Budget authority	622	655	851	29.9	19.6
Outlays	727	783	804	2.7	−5.4
Soil Conservation Service:					
Budget authority	199	196	197	.5	−7.4
Outlays	256	228	218	−4.4	−12.0

Background

According to the president's fiscal 1981 budget recommendations, outlays for water resource programs are estimated to decrease from $4.2 billion in fiscal 1980 to $4.1 billion in 1981. A major reason for this decline in outlays is the absence of new construction starts for water projects. As part of his June 1978 water policy message, the president recommended that the Water Resources Council conduct an independent review of all proposed water projects. Because this proposal still is awaiting congressional action, the fiscal 1981 budget contains no funding for new water resource construction projects. If this legislation is approved, the administration has indicated that it may propose funds for new construction.

While no money is provided for new construction starts, the fiscal 1981 budget does provide $2.5 billion in budget authority for continuing work on about 250 major projects already started by these agencies. Funds also are included for the planning programs of the Corps of Engineers and the Water and Power Resources Service.

The three major departments responsible for the construction of water projects—the Corps of Engineers, the Water Power and Resources Service, and the Soil Conservation Service—are concerned with many problems, including flood control, water supply, irrigation and drainage, transportation, and hydroelectric power. The funding levels for these agencies traditionally reflect a significant balance of outlays from previous year's budget authority. Inflation, especially when rising construction costs are considered, usually has a great impact on funding levels.

Regional Implications

Because of the structure of existing federal water resource programs, the Northeast and Midwest traditionally have been excluded from the debate over national water policy. The Water Power and Resources Service, for example, which represents 20 percent of the entire fiscal 1981 water resources budget, can legally operate only in certain Western states. Many of the problems in the Northeast and Midwest also are neglected by the Corps of Engineers. The repair and maintenance of urban water supply systems for example, is one of the greatest water resource problems in this region. Buffalo may need to invest almost $500 million to fully upgrade its water supply distribution system, while Boston continues to lose almost one-half of its water supply each day through leaky pipes. Yet because the Corps refuses to get involved in "single-purpose" projects, such as the repair of these systems, virtually no federal assistance is available to help communities deal with these problems.

The result of these policies is particularly evident in the regional spending pattern of the Corps of Engineers. Since 1824, less than 25 percent of this agency's funds have been directed to the Northeast-Midwest region, which currently has nearly one-half of the nation's population. When combined with the Bureau of Reclamation, this funding disparity is even greater. During fiscal 1970 and fiscal 1979, the national average for federal water resource appropriations by these two agencies was $7.49 per person. Yet during that period, the Northeast averaged only $1.89 per capita, and the Midwest averaged $2.73 per capita. Obviously, these policies must be revised if water needs in the Northeast-Midwest region are to be adequately addressed.

The federal government already recognizes the need to help certain communities maintain their water delivery systems. The Farmers Home Administration's rural water and waste disposal programs (Function 400), funded at $284 million for fiscal 1981, provide exactly this kind of assistance for localities with populations under 10,000. These communities have significant water and waste disposal needs, and it is imperative that larger cities, many of which face severe financial problems, be given equal treatment.

II. Water quality

BUDGET SUMMARY

[In millions of dollars]

Environmental Protection Agency	1979	1980	1981	Percent change, 1980–81	
				Actual	Adjusted for inflation
Regulatory and research program:					
Budget authority	1,091	1,241	1,317	6.1	−2.3
Outlays	938	991	1,106	11.6	2.8
Oil and hazardous substance liability fund (proposed):					
Budget authority			250		
Outlays			45		
Sewage treatment construction grants:					
Budget authority	4,200	3,400	3,700	8.8	0.2
Outlays	3,756	3,900	3,950	1.3	−6.7

Background

Authorized at $5 billion annually through 1982, the Environmental Protection Agency's construction grants program (Section 201) is the largest source of federal funding for water quality needs. This program, designed to help states and localities meet the objectives of the Clean Water Act, provides 75 percent federal funding for the construction of water and sewer treatment facilities. EPA estimates the national wastewater treatment requirements at $106 billion in 1978 dollars, approximately $80 billion of which will be federal funds. Inflation alone has caused these estimates to rise considerably: $13 billion between 1976 and 1978. Although the president has requested $3.7 billion in fiscal year 1981, congressional support for this program has been seriously undermined by past management difficulties and large unobligated state balances.

Perhaps the most significant increase in the Environmental Protection Agency budget request involves funds for hazardous waste regulatory and research programs. In February and April, EPA is scheduled to issue regulations under the 1976 Resource Conservation and Recovery Act (RCRA) to establish standards, criteria, and procedures to regulate hazardous waste. To implement these provisions, EPA has requested a 47 percent increase in budget authority for the solid waste program, from $100 million in fiscal 1980 to $147 million in fiscal 1981. To encourage the development of state programs to control the generation, transportation, and disposal of these wastes, $11.4 million of this increase is for state grants, from $18.6 million in fiscal 1980 to $30 million in fiscal 1981.

The fiscal 1981 EPA budget request also includes money for creation of a "superfund" to clean up oil spills and hazardous waste sites. This legislation, which still requires congressional approval, would provide 80 percent of the program costs through fees imposed on private firms; the remaining 20 percent would be federally funded. Starting with fiscal 1981, the president assumes that a $1.6 billion fund will be accumulated during the next four years. A budget of $250 million is proposed for the first year, with $200 million to be paid for through industry fees. The "superfund" legislation is designed to address past abuses, while implementation of the Resource Conservation and Recovery Act addresses problems of current and future hazardous waste production.

Regional Implications

According to the 1978 EPA Needs Survey, the Northeast-Midwest region has 56.4 percent of the national need for sewage treatment construction grants, at an estimated cost of $60 billion. Even though the allocation formula weighs new construction needs more heavily than replacement or rehabilitation needs, Northeastern and Midwestern states receive more funds per capita than any other region.

In view of the region's needs, it is particularly important that this program be adequately funded. In the past, the size of the state unobligated balances has not made this an easy task. Despite the president's 1980 budget request of $3.8 billion for the construction grants program, for example, Congress finally appropriated $3.4 billion—but only after a prolonged battle with the House Appropriations Committee staff, which had recommended no funds at all. So even though the fiscal 1981 budget is $300 million larger than the 1980 appropriations, it is clear that this funding will be subject to many changes.

Congress now is considering proposals to correct these distribution problems. During the first session, the House passed legislation (H.R. 4113) which would provide more construction grants to those states able to spend their regular allocations quickly. The Senate is considering more comprehensive reforms, including elimination of the state allotment formula and the state priority list. Successful resolution of these funding problems clearly is critical to Northeastern and Midwestern states.

As one of the most heavily industrialized sections of the nation, the Northeast-Midwest region also is particularly sensitive to the problems of hazardous waste disposal. It is estimated that Northeastern and Midwestern states will generate 54 percent of the nation's hazardous wastes by 1980. Despite this problem, there is not a single approved hazardous waste disposal site in New England, and few acceptable sites in other areas of the region.

In addition to health and safety consideration, it is increasingly apparent that because of initiatives like the RCRA regulations, industries also will have to consider the availability of disposal sites when deciding to locate, expand, or even close down a facility.

Several initiatives now before Congress will help the Northeast-Midwest region deal

with these problems. In addition to the President's "superfund" proposal, which would create a $1.6 billion fund to clean up abandoned hazardous waste sites and toxic substances spills, Representative James J. Florio has introduced legislation to deal only with hazardous wastes (H.R. 5790). Senators Edmund S. Muskie and John C. Culver have sponsored S. 1480, which would cover both hazardous waste sites and spills of toxic substances. While the funding and liability questions surrounding these issues may remain difficult to resolve, it is clearly in the region's interest to develop a comprehensive solution to the problem of hazardous wastes.

BUDGET BRIEF NO. 2: DEPARTMENT OF DEFENSE

HIGHLIGHTS

The president's fiscal 1981 budget proposes $158.2 billion in budget authority to meet the needs of the Defense Department, an increase of $19.6 billion over fiscal 1980. The Defense Department received the third largest increase in budget authority, exceeded only by Health and International Affairs. Fiscal 1981 Defense Department outlays are estimated at $142.7 billion (an increase of $15.3 billion over fiscal 1980), representing a 3.3 percent increase in real dollars. The Defense Department budget represents 23.2 percent of the federal budget and 5.2 percent of the gross national product.

BUDGET SUMMARY

[In billions of dollars]

	1979	1980	1981	Percent change, 1980–81	
				Actual	Adjusted for inflation
Payroll:					
Budget authority	38.9	42.8	45.7	6.8	−1.7
Outlays	38.6	42.5	45.3	6.6	−1.9
Military construction:					
Budget authority	2.3	2.2	3.3	50.0	38.1
Outlays	2.1	2.1	2.1	.....	−7.9
Procurement: Estimated outlays [1]	71.0	78.0	92.0	17.9	8.6

[1] These figures, not listed in the President's fiscal 1981 budget, are staff calculations based on estimates provided by the Office of Management and Budget.

Background

The president's fiscal 1981 budget proposed $158.2 billion in budget authority to meet the needs of the Defense Department, representing a real dollar growth of more than five percent (accounting for inflation). It is one of the few departments or agencies to receive a substantial increase in funding over fiscal 1980 levels. In addition, Defense Department outlays requested for fiscal 1981 will increase by more than 3 percent in real terms over the preceding year. Three components of defense spending most directly affect local, state, and regional economies: payroll, military construction, and procurement. These activities will amount to approximately $136 billion during the current fiscal year.

Regional implications

In August 1977, the Northeast-Midwest Institute and the Coalition of Northeastern Governors published a study titled "A Case of Inequity," which found that the Northeast-Midwest region was receiving a smaller share of defense spending than any other region in the country. Estimated military expenditures for 1980, compiled by the Department of Defense, show that Northeastern and Midwestern states, with 47 percent of the nation's population, will receive only 18 percent of the military payroll budget and 20 percent of the military construction budget. Although no fiscal 1979 or 1980 estimates are available. 1978 figures showed that the region received only 39 percent of the dollars spent for military procurement (purchases of goods and services). Moreover, recent figures show that only 13 percent of the nation's 1.4 million uniformed military personnel are stationed at bases within the Northeast-Midwest region. California alone has more troops than all Northeastern and Midwestern states combined.

Not only is the Defense Department the largest federal employer, it is the largest employer in the nation, with more than three million employees in 1980. At $92 billion, the Defense procurement budget is nearly six times larger than the total cost of the economic stimulus package President Carter proposed to Congress in the spring of 1977, and represents 72 percent of all federal procurement.

In 1952, a policy was established by Congress which sought to direct a part of the federal government's procurement budget to high-unemployment areas. Known as Defense Manpower Policy Number Four (DMP-4), this policy had been largely ignored until the Northeast-Midwest Congressional Coalition resurfaced the policy several years ago. Since that time, the Federal Preparedness Agency—now the Federal Emergency Management Agency (FEMA)—has rewritten the policy and removed the administrative obstacles which formerly inhibited wider use of the policy. In addition, Congress has enacted laws to give this policy a statutory base, and President Carter issued an executive order committing the government to full implementation of this policy.

One restrictive provision yet to be repealed is the Maybank amendment to the Defense Appropriations Bill. The Northeast-Midwest Congressional Coalition mounted a major effort in 1979 to repeal the Maybank amendment, which requires the Defense Department to purchase its goods and services at the lowest possible price and therefore prevents it from restricting the bidding on some contracts to firms in high-unemployment areas. On the floor of the House last September 28, the effort to repeal the Maybank amendment fell short by only 13 votes. The repeal of this amendment could result in a substantial increase in federal procurement dollars being targeted to the Northeast-Midwest region.

Only through collective congressional effort has the Northeast-Midwest region succeeded in calling attention to its declining share of the defense budget. Last year, the region received 20 percent of the 1980 military construction contracts, a 67 percent increase over its 1979 share of 14 percent. This increase was brought about by such efforts as the successful fight in Congress by the Philadelphia-area delegation and the Coalition to retain the overhaul of the U.S.S. Saratoga and three other aircraft carriers at the Philadelphia Naval Shipyard, a program expected to generate some 12,000 jobs and pump $938 million into the area's economy. Achieving some degree of regional equity in defense expenditures will require years of additional effort by a unified Northeast-Midwest leadership.●

PERSONAL EXPLANATION

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ROTH. Mr. Speaker, yesterday, during my absence, I missed two rollcall votes. Had I been in attendance, I would have voted the following way and for the record I would like to record it as such:

An amendment to the Water Resources Development Act, H.R. 4788, authorizing the construction of six additional water development projects.

Rollcall No. 9: "no".

An amendment to the Water Resources Development Act, H.R. 4788, deleting authorization for eight various water projects.

Rollcall No. 10: "yes."●

AMERICANS FIRST, ATHLETES SECOND

HON. GERALD B. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. SOLOMON. Mr. Speaker, the very real possibility that our athletes would not be participating in Olympic competition this summer is a potential disappointment for all Americans. but it is those young people who have trained long and hard for that special moment in the world's spotlight who have the most to lose. It is not easy telling those young athletes, as I, along with the Congress and the President have done, that there is no way that this Nation can legitimize the Moscow Olympics by the presence of American athletes. I think they deserve a thoughtful explanation.

Mr. Speaker, Joseph A. Cooley, editor of the Troy Times Record offers our young athletes the kind of reasoned explanation they deserve in a column, printed on January 27, 1980. I would like to offer this thoughtful piece for the consideration of my colleagues and of our great Olympic athletes:

A SPECIAL SLOGAN FOR THE MOSCOW OLYMPICS

(By Joseph A. Cooley)

Formed after World War II, the Americans Veterans Committee never achieved the size membership its slogan seemed to merit for it. That slogan, quite briefly, was "Citizens first, veterans second." It implied that the organization felt its first duty was to the nation and its second was to work for the interests of veterans.

The slogan comes to mind now with all the furor about whether or not the United States should participate in the Summer Olympic Games at Moscow. Some athletes who would be deprived of a trip to Moscow and of participation in the games object on the ground they have worked hard and should not be deprived of their chance for glory. Some may see a potful of commercial gold at the end of the Olympic rainbow. Whatever their motivation they might do well to revise the slogan of the American Veterans Committee to read "Americans first, athletes second."

One interesting explanation for the objections to a United States boycott of the Moscow Olympics is that we ought not to mix politics with sports. That is carrying naivete to an extreme. Memory searches hard for an Olympics that was not marked by politics, by some nation trying to use the games for its own political goals, and memory comes up empty after the search.

The Olympics are pure politics, and have been, for a very long time. After all, wasn't it Alcibiades, rated as one of Greece's most corrupt politicians, who got his start by winning an Olympic chariot race using somebody else's horses back in 416 BC?

It is difficult, in assessing the pros and cons of an Olympic boycott, to find very many cons.

While it may be debatable, there is a considerable feeling that the Olympics mean so much to the Soviet Union because they offer a chance to gain evidence of acceptance and legitimacy in the world. Long conscious of their image as revolutionary usurpers, the Russians see Moscow as a chance to gain respectability. It is difficult to find any reason why the United States, or other free nations, should aid them in the effort.

Speaking of politics, can the Olympics be free of politics when the Soviets have decided to ship young people out of Moscow so they won't mix with and be contaminated by contact with westerners? Is the decision to confine Alexander Sakharov to the closed city of Gorky based on the belief it would be dangerous to have him in contact with visitors to the summer games? Are these the signs how Russians view the Olympics as an opportunity to foster international friendship and the exchange of ideas?

Afghanistan should have taught us how low the Soviet Union places consideration of the rights of others on its list of priorities. It would be a mistake to risk conferring the slightest touch of respectability on the regime in Moscow. Neither the United States nor any other Western nation has anything to gain by participation.

The debate over whether the United States should boycott the Moscow Olympics can have several salutary results. We may find, for example, how many nations are willing to risk offending the Soviet Union by participating in a boycott. The Russians have reinforced in recent weeks the conviction that they have little or no regard for what the rest of mankind thinks when they are deciding on such matters as what they see as their own national interest in the future of Afghanistan. A boycott of the Olympics would remind them they can't play Russian Bear one day and Mr. Nice Guy the next.

Boycotting the Olympics certainly won't score any major triumph for this country. Neither will it force the Russians to change their philosophy. It will, however, show the world we will not forever play patsy to the Soviets.

NBC has a lot of money invested in the Olympics, 90 percent of it covered by insurance with Lloyds of London. Coca Cola is said to have paid $1.3 million for the rights to sell refreshments. And a great many athletes have invested lots of time in training. The Olympics have long since gone beyond the bounds of common sense in terms of the money required to stage them. If it does nothing else, perhaps a United States boycott, supported by those nations willing to express displeasure with the Soviet Union aggression, may help bring the Olympics back in perspective. Perhaps they can be restored to the status of friendly competition among athletes from the international community.

The Olympics will survive the effects of a boycott in Moscow next summer. After all, they survived the long shutdown between the time Theodosius the Great banned them in 393 AD for being too professional and their revival in 1896. The only serious disadvantage to be suffered if the United States boycotts the Moscow Olympics will be suffered by the Soviet Union. What's wrong with that?●

BIG BROTHER AND THE AIRWAVES

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. PAUL. Mr. Speaker, my constituent and friend Dick Beecher, an energy expert from Houston, recently gave me an excellent editorial from Coal Age—November 1979 issue.

I would like to call this editorial to my colleagues attention, and associate myself with its call for extending private property rights—which are human rights—to the airwaves.

BIG BROTHER AND THE AIRWAVES

You never heard these three commercials on TV. One was about energy:

"Some people are calling the energy crisis a hoax. Others say that at the rate we're using up our oil reserves we'll be down to our last drop in our children's lifetime. Whoever's right, one thing is clear. America needs an energy plan for the future now. One that uses all resources available from coal and nuclear power to solar. But we're only going to get it if people, one by one, demand it. Whatever your views, let your elected representative know now. There's not much we can do when the light goes out. A message from Kaiser Aluminum. One person can make a difference."

Another, which dealt with free enterprise, said in part:

"Is free enterprise an endangered species? How much government regulation is enough? Is business bad just because it's big? Or does a country like ours require a diversity of business—both big and small? Will excessive control over big business lead to control over all our business? The answers are up to you."

The third said this about red tape:

". . . In 1977, America spent $100 billion on federal paperwork alone. And in the end we all pay for it. But if people, one by one, start speaking out, we can begin untangling America's knottiest problem."

You never heard these commercials because when the sponsor—Kaiser Aluminum & Chemical Corporation—submitted them to the three major TV networks, the commercials were rejected. Although the Supreme Court recently acknowledged that corporations have the right of free speech, although Kaiser would have paid for the air time to run the commercials, and although the messages were clearly identified as company opinions, the networks refused to air them. "Not because they were untrue, or in any way inaccurate," reports Kaiser, "but simply because they were controversial or not acceptable material."

Have the networks gone crazy?

Of course not. The networks had no choice in the matter. Kaiser could not exercise its right of free speech because in effect TV networks don't have and never had the right of free speech. The same can be said of radio stations. The electronic media have no property rights over the airwaves.

To understand how this disgrace came about, bear in mind that the many myopic humanitarians who always preach that "human rights take precedence over property rights" have never grasped or have refused to admit that human rights cannot exist without property rights. It is impossible, for example, to have freedom of religion without the right to own churces and religious books. There can be no freedom of the press without your right to own paper, a printing press, and ink. And there can be no freedom of speech without the right to own picket signs, meeting halls, microphones, radio stations and TV stations—as well as the right to own airwaves that transmit a broadcast.

Herbert Hoover certainly was a great humanitarian. But he made his share of mistakes. In 1924, while he was Secretary of Commerce, Hoover advocated government takeover of the airwaves in the name of the "public interest." Other humanitarians supported this nationalization scheme on the grounds of the "argument from scarcity"—i.e., since the demand for broadcasting frequencies exceeded the supply, government [which neither discovered, developed or owned the radio spectrum] should confiscate the airwaves and then ration them via licensing to those broadcasters who would serve the "public interest." This is how the Federal Radio Commission, which later on became known as the Federal Communication Commission (FCC), was born in 1927.

In broadcasting, the "public interest" is whatever the FCC says it is, i.e., it changes according to the prevailing political-bureaucratic whim or power pull of the moment. For instance: "One network cited the Fairness Doctrine as a reason for rejecting our commercials." says Kaiser. "This doctrine was formulated by the FCC to insure that a fair balance of opinion is presented on television. We believe, too, that TV should present a fair balance of opinion. Even ours."

We will have a fair balance of opinion only when the airwaves become private property. Each frequency should be sold to the highest bidder. That will boost competition [which may not be welcomed by the major networks] and enrich the quality and diversity of views and programming. And the FCC, which now acts as a censor and violator of freedom of speech, should be restructured into a traffic cop of the airwaves and a protector of private property.

The "argument from scarcity" was invalid in 1924. It is even more so today when there are more than 8,000 radio stations, all sorts of TV stations, plus the virtually unlimited number of channels made possible through UHF (Ultra High Frequency), cable, and satellite transmission.

One last thought. What government has done to the broadcasting industry, government is now doing to coal and all other energy and mining industries—e.g., by smothering them in red tape, by withdrawing land from mineral exploration, by making noises about nationalizing oil or some other energy industry, and, as I will discuss next month, by continuing a disastrous moratorium on the leasing of coal lands. To repeat: without property rights no other rights are possible.●

FISCAL YEAR 1981 BUDGET

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. HILLIS. Mr. Speaker, since the President submitted his fiscal year 1981 budget, we have all heard repeated claims from high ranking administration officials that the budget is stringent. The President claims his budget illustrates a continued strategy of restraint. The President also claims that the long decline in real spending for defense that began in 1969 has been reversed. Moreover, he states he is committed as a matter of fundamen-

tal policy to continue real increases in defense.

Unless one takes the time and effort to study the figures contained in the budget, the President's statements sound encouraging. Unfortunately, however, the truth of the matter is that the President has no real intention of slowing the tremendous growth of the Federal budget; nor do his planned increases in defense spending reflect a commitment to meet Soviet military spending.

The President's fiscal year 1981 budget recommends outlays of $615.8 billion, of which $146.2 billion goes for defense and $469.5 billion toward nondefense items. In studying the President's future budget estimates, it is extremely difficult to find any sign of restraint. For example, in fiscal year 1983—just 2 years from now—the President estimates total outlays of $774.3 billion—an increase of $158.5 billion. In other words, in just 2 years the President hopes to increase the budget by about 25 percent. In fiscal year 1983 the President anticipates defense spending to be $185.9 billion, or an increase of $39.7 billion. For nondefense spending the President anticipates the fiscal year 1983 budget to be $588.5 billion for an increase of $119 billion—three times the increase in defense spending.

The American people are more than willing to spend a few extra dollars to improve the defense capabilities of the United States. No American wants to see the United States become a second-rate country. However, the American people are tired of paying for poorly administered social programs designed to transfer wealth away from the middle class. We must take the burden of excessive government off the back of the working man instead of dreaming up programs designed to increase nondefense spending by $119 billion in just 2 years.

The American worker cannot afford for the Congress to be fooled by the rhetoric of a President seeking reelection. We must look closely at the figures in the budget. The President intends to keep defense spending well below what will be needed to respond to the Soviet's continued military buildup. It is quite obvious that the President plans to see nondefense spending continue to increase at astronomical rates.

If the Congress is to begin to reverse the trend which has been set by the President, we only need to refer to section 7 of Public Law 95-435 which states:

> Beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

If we do not maintain an adequate military strength and balance the budget, all the subsidy programs in the world will not increase the standard of living or the quality of life for anyone in the United States. Inflation and the deteriorating international influence of the United States will more than offset the effects of those programs while spelling the end of the middle class.●

TITLE I REVISION GAINS SUPPORT

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. RATCHFORD. Mr. Speaker, during the 1st session of the 96th Congress, the House took a historic step in reauthorizing the Higher Education Act. H.R. 5192, passed by the House on November 7, 1979, reflects a responsible approach to changing national needs in higher education, insuring both access to education for Americans of all incomes through student aid programs and preservation of standards of quality in our institutions of higher education through programs of institutional support. The House and the entire educational community are deeply indebted to BILL FORD, chairman of the Subcommittee on Postsecondary Education, for his tireless work in support of this important legislation.

One of the major and long overdue emphases of the House reauthorization bill is a reaffirmation of the Federal Government's commitment to equal educational opportunity through a new awareness of the needs of nontraditional students. With traditional student enrollments (age 18-22) rapidly declining and with adults attending college in record numbers, a recognition of the role of adults and other nontraditional students in Federal education policy is part of an essential response to the future of higher education in America.

The revisions of the Higher Education Act embodied in H.R. 5192 acknowledge the numerous barriers which still face adults and other nontraditional students in higher education, and places Federal education policy in the forefront of change in the 1980's.

As a member of the House Subcommittee on Postsecondary Education, I had the unique opportunity and honor to contribute to the reauthorization of the Higher Education Act by sponsoring a major revision of the title I program for continuing education and lifelong learning. As embodied in H.R. 5192, this revision focuses a currently diffuse and untargeted program, identifying the needs of nontraditional students and establishing new criteria for program grants which will increase accountability and effectiveness. These revisions have received broad support as an essential step toward equal educational opportunity for adults and for the disadvantaged, and I remain hopeful that the Senate will consider a similar emphasis in its reauthorization work later this spring.

Mr. Speaker, in light of the continuing interest surrounding the revision of title I and the needs of nontraditional students, I would like to take this opportunity to present to the House excerpts of a letter I recently received from Mr. Allan W. Ostar, president of the American Association of State Colleges and Universities, following AASCU's annual meeting late last year. At this annual meeting, the membership of the American Association of State Colleges and Universities unanimously approved a resolution endorsing the title I revisions of H.R. 5192, and the text of that resolution also follows:

[Excerpts of letter from Mr. Allan W. Ostar]

JANUARY 11, 1980.

Hon. WILLIAM R. RATCHFORD,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. RATCHFORD: I am pleased to forward a resolution supporting the reauthorization of Title I of the Higher Education Act as passed by the U.S. House of Representatives in H.R. 5192 which was adopted by the membership of the American Association of State Colleges and Universities at its 19th Annual Meeting held recently in San Antonio, Texas.

AASCU, through the leadership of its Committee on Career Education, has taken a keen interest in making the appropriate postsecondary educational services available to adults of all circumstances seeking to improve their occupational status or in other ways become more productive and useful citizens. Led by Chairman Robert Swanson, Chancellor of the University of Wisconsin-Stout, the Committee has developed a comprehensive statement defining the concept of career education and sponsored three national conferences to enhance the dialogue on this important topic.

We are pleased that the new Title I makes support for postsecondary continuing educational services explicit federal policy and hope to work with you for its final enactment.

Sincerely,

ALLAN W. OSTAR,
President.

TEXT OF AASCU RESOLUTION ADOPTED ON NOVEMBER 20, 1979

Whereas, American Association of State Colleges and Universities has recognized the value of Career Education by Adoption of the statement on Career Education at its 16th Annual Meeting in 1976 and the sponsorship of three National Conferences on Career Education; and

Whereas, AASCU has accepted, by resolution, the concept that Career Education is a life-long process which can be aided by educational experiences throughout one's lifetime; and

Whereas, Federal support is necessary to promote access to postsecondary educational opportunities for adults who face barriers to participation in existing postsecondary programs; and

Whereas, the revision of the Higher Education Act of 1980 offers a unique opportunity to address the special needs of adults in postsecondary education and to create a comprehensive system of service delivery which complements existing federal initiatives for career education at elementary and secondary levels; therefore be it

Resolved, that the AASCU endorses the reauthorization of Title I of the Higher Education Act as passed by the U.S. House of Representatives in H.R. 5192, and urges the U.S. Senate to approve similar legislation addressing the needs of adults whose

educational needs have been inadequately served; be it further

Resolved, that the AASCU expresses its support for a Title I revision which offers federal support only to education programs at the postsecondary level, and its interest in the promulgation of Federal regulations upon enactment of the Higher Education Act which are clearly consistent with this congressional intent; finally, be it

Resolved, that the AASCU strongly supports the development of postsecondary education initiatives to serve adults in cooperation with business, labor, and other organizations and institutions interested in the special needs of adults, and encourages state administration of the Title I program in a manner designed to promote and facilitate such cooperative relationships.●

THE SOVIET INVASION OF AFGHANISTAN: QUESTIONS AND ANSWERS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, January 30, 1980, into the CONGRESSIONAL RECORD:

THE SOVIET INVASION OF AFGHANISTAN: QUESTIONS AND ANSWERS

On my most recent visit to the Ninth District I spoke with scores of Hoosiers about the Soviet invasion of Afghanistan. People were angered by the invasion and wanted to know what it meant for the United States and the rest of the world. The following are just a few of the questions that Hoosiers are asking today:

WHY DID THE SOVIET UNION INVADE AFGHANISTAN?

The movement of Soviet troops into Afghanistan was based on a decision not to permit the nation to fall from the Soviet orbit. I really do not know whether the Kremlin acted solely for local reasons—so as not to lose Afghanistan—or whether it also acted for strategic reasons—so as to thrust closer to the oil of the Persian Gulf and avoid encirclement by hostile governments. It does seem to me, however, that with the oil at stake we must prudently acknowledge that the Soviets, by seizing Afghanistan, have positioned themselves to exert influence over Iran, a country presently on the verge of chaos. Experts on the Soviet Union have always wondered whether the Soviets seek to dominate the world through military conquest, or whether they seek only to achieve maximum security for their borders while exploiting "targets of opportunity." In my judgment, the Soviet Union hopes to dominate the world by military force but does not genuinely expect to do so. It maintains a healthy respect both for its own weaknesses and for the strengths of the United States and the West. In any event, a firm American response to the invasion is imperative.

IS THE INVASION RELATED TO OTHER EVENTS ON THE WORLD SCENE?

The invasion did not occur in a vacuum. Ties between the United States and the Soviet Union have been strained in recent months with the delay of Senate action on SALT II, American moves both to establish diplomatic relations with China and to give Peking economic concessions ahead of Moscow, the emphasis we have placed on violations of human rights in the Soviet Union, and the decision of our allies to deploy modern, nuclear-tipped missiles in Western Europe. For their part, the Soviets have maintained their own troops in Cuba and have sponsored Cuban expeditionary forces in Africa, among other things. My belief is that prior to the invasion the Soviet Union had reached fundamentally pessimistic conclusions about its relations with the United States. It was prepared to take the risks of intervention in Afghanistan. The Soviets may well have miscalculated the depth of our anger.

HOW WILL THE INVASION AFFECT U.S.-SOVIET RELATIONS?

The Soviet decision to intervene militarily in Afghanistan will send our relations with the Soviets into a protracted, downhill slide. It is probable that the two countries will allow a major freeze in relations that could last for an extended period. One certain result of the invasion is that the world has become a more dangerous place. The outlook is for large increases in military budgets and arsenals, a serious threat that small wars will involve the superpowers, and a greater likelihood that nuclear weapons will spread to nations in the Third World.

WILL WE NOW RETURN TO THE COLD WAR?

I do not believe that we are returning to the days of the Cold War, a period of intense conflict during which each superpower thought that its destiny could be determined apart from that of the other superpower. My guess is that we will move very slowly back toward detente, with some measure of collaboration between us and the Soviets. It may take us some time to lift U.S.-Soviet relations to the level of cautious dialogue that prevailed before the invasion, but sooner or later we will have to face the difficult tasks of getting along with the Soviet Union and forging economic, cultural, and political links to encourage restraint. Policy must aim to strike a balance between vigilance sufficient to curb aggression and collaboration sufficient to make peace more attractive than war. In my view, we should look on the invasion without exaggeration or panic. It is not the Apocalypse. We have gone through crises with the Soviet Union before, and we will go through them again. The Soviet Union has indeed augmented its power in Yemen, Ethiopia, and now Afghanistan, but the United States has shown that it can compete by improving its position in China, parts of the Middle East, Southern Africa, and Western Europe. A nuclear showdown is not at hand even though competition in recent days has escalated.

HOW SHOULD THE UNITED STATES REACT TO THE INVASION?

Our reaction to the invasion is of critical importance. If we take strong steps immediately, we will deter any Soviet move into Pakistan or Iran. Despite strong steps, however, the Soviet Union will probably consolidate its grip on Afghanistan and, in time, will launch a "peace offensive" to try to dampen American outrage. When the peace offensive comes, we must let the Soviets know that they have much to hope for and much to fear from us. The sanctions invoked by the President are intended to penalize Moscow by denying it many of the benefits of U.S.-Soviet cooperation. We are saying to the Soviet Union that the invasion will not be without cost even if the cost is an inconvenience to us. The sanctions can be effective only if the highly industrialized nations, as well as the grain-exporting nations, join us. The problem with sanctions is that almost anything we do will discomfort some Americans—farmers will be hurt by the grain embargo, businessmen by the ban on sales of technology, and athletes by the boycott of the Olympic Games.

NOTE.—I will continue to discuss the Soviet invasion of Afghanistan in subsequent newsletters.●

COMMENDING THE COMMUNITY SERVICES DEPARTMENT

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. LLOYD. Mr. Speaker, the elimination of poverty in America will require the development and implementation of innovative/cost-effective programmatic approaches at the local level.

It is for this reason that I commend the Community Services Department—the War on Poverty Agency for San Bernardino County. CSD has achieved national recognition for its cost-effective, innovative programing.

The following is an article from a newspaper in my district that provides the specifics:

[From the Highlander Community News, Aug. 22, 1979]

SAN BERNARDINO COUNTY COMMUNITY SERVICES DEPARTMENT—AN INTERVIEW WITH THE DIRECTOR

In 1964, the President of the United States signed into law the Economic Opportunity Act establishing the Office of Economic Opportunity—OEO. OEO's mandate was to "wage a war on poverty" through community action, advocacy, and the delivery of program services to the poor of this Nation.

The success of the war on poverty is dependent upon a national network of over 850 community action agencies. The Community Services Department of San Bernardino County is part of that national effort.

Rodolfo Castro has been executive director of the community services department since Dec. 1976 and this interview presents program information and assesses the progress of the department over the past two years.

Question. What is the community services department?

Answer. The community services department is the "war on poverty" agency for San Bernardino County. We are a public CAP under the administrative framework of the San Bernardino County board of supervisors, and consistent with federal guidelines, a community action board functions as the policymaking body for the department.

Question. What are the objectives of the community services department?

Answer. CSD's objectives are:

1. To plan, develop, and implement cost-effective human service programs designed to alleviate poverty in San Bernardino County.

2. To function as an advocate on behalf of San Bernardino County's poor people.

3. To build community self-sufficiency and dignity.

Question. What kind of programs is CSD operating?

Answer. The Community Services Department is currently administering a diverse combination of human service programs designed to deal with the complex problems of poverty—nutrition, transportation, energy conservation, food stamp outreach, youth opportunities, neighborhood projects, grassroots women, Indian opportunities, handicapped access, manpower, etc.

Question. How would you assess CSD's future?

Answer. Outstanding!

—Graciela Olivarez, national CSA director, visited CSD in order to review our programmatic accomplishments.

—CSD has received over a million dollars from San Bernardino County in CETA support.

—CSD has developed and marketed a totally integrated computerized fiscal system—the first in the CAP world.

—The Grassroot Women's Program is becoming a national model.

—We are holding the annual CAL/NEVA conference in San Bernardino next Spring.

The long hours put in by the CSD Administering Commission, management, and staff is producing results. CSD is considered one of the outstanding CAPs in the nation—we plan to continue to work hard to keep it that way.●

AMERICAN PRODUCTIVITY FALLS

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. CORCORAN. Mr. Speaker, I view with alarm yesterday's report by the Department of Labor that American productivity declined by 0.9 percent during 1979. This compares with an increase during 1978 of 0.5 percent. During the 1960's, the American productivity growth rate averaged 3.2 percent per year.

I have long felt that the best approach that could be taken by the private sector in terms of reducing inflation—now over 13 percent a year—would be to improve productivity. At the same time that we complain about the increasing levels of imports from foreign countries, we settle for declining rates of productivity in the United States. Not too long ago, those of us concerned about the status of productivity in the United States were expressing our concern about decreasing productivity growth rates. Now, however, it is not just a matter of decreasing productivity growth rates.

Rather, American productivity is actually declining. In the face of significant productivity growth in foreign countries, notably Japan and West Germany, is it any wonder that those countries can produce, transport, and pay duty on manufactured goods less expensively than we in the United States can produce and sell manufactured goods to ourselves without having to pay the costs of transportation and duty? The days of being able to blame our increasing level of imports on "slave labor" are over. Japan and West Germany, for instance, are not noted for having the low standards of living that the term "slave labor" implies. Until we begin to really focus our attention on the importance of productivity in this country, I believe that the poor performance of our economy will continue.

For the benefit of my colleagues, I include in the RECORD at this point a January 29 Washington Post article by Art Pine entitled, "American Productivity Falls."

AMERICAN PRODUCTIVITY FALLS

(By Art Pine)

The productivity of American workers slumped further last quarter, posting an 0.9 percent decline for 1979 as a whole—only the second yearly drop since just after World War II—the government reported yesterday.

Labor Department figures showed that output per workhour plunged at a 1.6 percent annual rate between October and December, following a series of declines ranging between rates of 1.3 percent and 3 percent.

The 0.9 percent drop for the year was the first since 1974, at the start of the last recession, when overall productivity plummeted 3 percent. The last yearly drop before that was in 1947.

At the same time, the department reported that first-year wage increases in major collective bargaining settlements averaged a moderate 7.4 percent in 1979, despite a staggering 13.3 percent inflation rate.

The performance of productivity is important to the nation's ability to dampen inflation. Without gains in output per workhour, business cannot easily absorb higher wage costs without also raising prices.

Yesterday's report showed the 0.9 percent drop in productivity helped push unit labor costs up a sharp 10.4 percent for 1979 as a whole—a factor that is likely to result in further upward pressure on prices later.

Economists have not been able to agree on precisely what is causing the decline in productivity. Explanations range from a lack of adequate investment to a shift in the economy away from manufacturing and more toward services.

The restraint reflected in the figures on major collective bargaining settlements was especially encouraging to administration economists. The White House had been fearful that the price surge might "spill over" into wage hikes.

The 7.4 percent average for 1979 actually was lower than that of the previous year, when first-year settlements average 7.6 percent. The figures do not include the impact of cost-of-living escalator clauses.

Moreover, analysts said the wage increases negotiated in 1979 were likely to serve as a pattern for settlements in 1980 and 1981 as well. Yesterday's data covered 3.3 million workers in 558 local units of 1,000 workers or more.

As has been the case for several quarters, productivity performance varied widely among sectors of the economy. Output per workhour in the nonfarm economy declined 1.2 percent last year, but manufacturing productivity rose 1.8 percent.

The 1.6 percent-rate decline for the fourth quarter of 1979 came in the face of a sharp increase in the number of hours worked and only a moderate rise in overall economic output.

The drop marked the fourth consecutive quarter that overall productivity has declined. In 1978, productivity edged up 0.5 percent after dipping in the first quarter of the year and then rebounding later on.

The marked slump in productivity is a relatively new phenomenon for the U.S. The average productivity gains here in the early 1960s used to be 3.2 percent a year.●

MORE ON IOC POLITICS AND TAIWAN

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. SOLOMON. Mr. Speaker, Jack Anderson's daily column in the January 30 Washington Post sheds a great deal of light on the perfidious conduct toward a good friend, the Republic of China, perpetrated by the chief of the International Olympic Committee, Lord Killanin. Killanin, while critical of President Carter's alleged political motivation in opposing Moscow as the site for the 1980 games, has certainly been, according to Anderson "up to his biceps in politics" in his handling, in 1977, of the Red Chinese demand to drive Taiwan from the games. Anderson's sleuths have uncovered and documented that sordid story, one that should be read by all of my colleagues who are truly interested in fair play.

The article follows:

IOC HEAD FLEXES POLITICAL MUSCLE

The sanctimonious stance taken by Lord Killanin, head of the International Olympic Committee, opposing as politically motivated President Carter's move to stymie the summer games in Moscow, smacks of sheer hypocrisy.

The IOC under Lord Killanin has been up to its biceps in politics.

"It is not the business of the IOC to get involved in politics," the Irish peer haughtily proclaimed when Carter advocated punishing the Soviet Union for its rape of Afghanistan by moving the huge sports spectacular from Moscow.

But Killanin is no simon-pure amateur when it comes to playing politics with the Olympic ideals. A confidential transcript shows that in 1977 he coached the Red Chinese sports commissars in plotting strategy to drive Taiwan out of the Olympics by imposing humiliating conditions on Taiwanese athletes.

Secret minutes of the six-day session in Peking reveal Killanin as a strong advocate of the communists' replacing the Nationalist Chinese in the 1980 Olympics. The mainland Chinese refused to participate if the Taiwanese were allowed to compete.

"I personally understand your views on one China, but this needs a lot more explanation and work," Killanin confided to Lu Chin-Tung, boss of the All China Sports Federation. The "work" he referred to was persuading the IOC's voting members to substitute Red China for Taiwan. "I believe an IOC vote would not be able to expel Taiwan tomorrow morning," Killanin cautioned. "As president, I will move as fast as I can, but it is really a matter of hastening slowly."

Wined and dined at epicurean Oriental banquets during his stay in Peking, Killanin obliged his hosts by giving them a copy of the Taiwanese argument "for your help if you want to make a counter reply."

When a Japanese official accompanying Killanin urged the Chinese to accept training films made by international athletic federations into their sports libraries, Killanin heartily seconded the motion. It would, he said, be a good device "to bring pressure to bear on those [federations] which do not recognize China."

For an avowed nonpolitical sportsman, Lord Killanin proposed an effective political strategy for his communist friends. In 1979,

the IOC recognized the People's Republic of China as the official Chinese member of the competition, and ruled that Taiwanese athletes would be forbidden to fly their own flag or have their national anthem played at the 1980 games.

When the Taiwanese protested this humiliating decree, as Killanin knew they would, the IOC conducted a referendum by mail of its members. Accompanying the postal ballot was a misleading State Department letter—later disavowed—citing U.S. withdrawal of recognition from the Nationalist Chinese.

The mail balloting upheld Killanin's political power play, 62 to 17, and his decision is expected to be railroaded through a formal ratification at the IOC session to be held before the Lake Placid, N.Y., Winter Games open next month.

The Taiwanese have gone to court in Switzerland trying to block the outrageous surrender terms imposed on them by the holier-than-thou Olympic overlords. They lost the preliminary action but have appealed to a higher Swiss court.

Footnote: We called the International Olympic headquarters in Switzerland to ask for Lord Killanin's comments. But an IOC spokesman told my associate Sam Fogg that his lordship was unavailable.●

SENATOR KENNEDY'S COMPELLING SPEECH

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ASPIN. Mr. Speaker, I rise to commend Senator KENNEDY for his compelling speech delivered Monday at Georgetown University, and to urge every Member to read it carefully. I agree with the Senator that we must have a full debate of the so-called Carter doctrine. Dissent is the essence of democracy, and if a policy cannot withstand public criticism, it is not worthy of public consensus.

Senator KENNEDY naturally agrees with President Carter—as must we all—that the Soviet invasion of Afghanistan is a vile, inexcusable violation of all that is decent in international behavior. But one must also wonder, with the Senator, whether President Carter's own erratic, unreliable, zigzag diplomatic practices might have encouraged the Soviets to risk that final plunge across the border. And surely one must wonder whether President Carter's rapid and radical about-face in his attitude toward the Russians, toward military spending and toward détente might be premature and excessive, a hasty overreaction to what the President may consider an embarassing personal affront.

Senator KENNEDY notes, correctly I think, that while we must deploy and maintain the necessary military forces to deter the Soviets from any further incursions in the gulf region, we must also keep open the door of détente. As President Carter himself said many times, SALT II is no favor to the Soviets; it is in our interests. Indeed, at times of crisis and tension, the degree of certainty and restraint provided by arms control treaties takes on heightened importance. While we must show the Soviets that we will not tolerate repeats of their recent behavior, we must also show them incentives to engage more actively in international cooperation.

The Senator also points out that in our rush to arm all potential foes of the Soviet Union in the Southwest Asian region, we must take care not to ignite regional conflict among those countries with whom we have made this convenient alliance. Conflicts in that region are age-old and unlikely to vanish simply because all parties will now receive their weapons from a single source, the United States. Just as important as short-term military aid is a long-term program of economic assistance and political cooperation, to minimize the sort of disunity and chaos that the Soviets are so adept at exploiting. The Carter doctrine says very little about this, even though it constitutes the most credible and dangerous threat in the Persian Gulf region.

The Persian Gulf is critical to our interests for two reasons: First, it harbors a hefty concentration of the Western world's oil supplies. Second, we consume a hefty percentage of those supplies. To deal with this problem, we can insure the continued supply or reduce the growing demand. Both are equally important. Yet the Carter doctrine says nothing about any commitment to go beyond the rather half-hearted gestures this administration has thus far made to reduce oil demand substantially.

This is particularly regrettable since the current atmosphere of crisis has led many politicians to realize that the American people are willing to sacrifice on behalf of larger interests and ideals. As Senator KENNEDY said:

> President Carter may take us to the edge of war in the Persian Gulf. But he will not ask us to end our dependence on oil from the Persian Gulf.

Senator KENNEDY's speech deals with the major issues of the day. His words reveal a capacity for leadership, for excavating the untapped resources of our Nation's citizens, for understanding the important distinction between symbolism and policy, for seeing the vital relationships between domestic and foreign policy, for making courageous decisions on both.

The same, regrettably, cannot be said for what has thus far been enunciated as the "Carter doctrine."●

TRIBUTE TO WILLIAM O. DOUGLAS

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 22, 1980

● Mr. DELLUMS. Mr. Speaker, William Douglas served on the Supreme Court during some of the most tumultuous years of our Nation's history. Throughout his tenure, he was a guardian of the Bill of Rights; an indomitable man who never let the phobias and paranoias of the time deter him from the path of justice. Douglas fully understood, perhaps more than any of the Justices of his time, that civil rights and liberties are the underpinnings of a democracy. Freedom was his passion and he made every effort to see that the freedom of all Americans was perceived and preserved.

Douglas started to make his mark in civil liberties during the McCarthy era. While many leaders were hysterical over an imagined red threat, Douglas dissented in Dennis against United States, a case which convicted members of the Communist Party for conspiring to teach Communist theories. The conviction was the result of what the Court had perceived as a "clear and present danger" to the country by the defendants' activities. Nearly 20 years later, Douglas wrote that in times of peace there was:

> no place in the regime of the First Amendment for any "clear and present danger" test. . . When one reads the opinions closely and sees where and how the . . . test has been applied great misgivings are aroused. First, the threats were often loud but always puny and made serious only by judges so wedded to the status quo that critical analysis made them nervous. Second, the test was so twisted and perverted in *Dennis* as to make the trial of the teachers of Marxism all all-out political trial which was part and parcel of the cold war that has eroded substantial parts of the First Amendment.

During the years of the Warren Court, Douglas was more often on the side of the majority. He was one of the first judges on the Court to want to grant review of the desegregation cases. Several of his previously written dissenting opinions formed the basis of the Warren Court's Miranda decisions which extended constitutional rights to prisoners and suspects. However, he opposed the Court's conviction of student demonstrators engaging in mass protest. His constant objective was to let the people be heard:

> Legislators may turn deaf ears; formal complaints may be routed endlessly through a bureaucratic maze; courts may let the wheels of justice grind very slowly. Those who cannot afford to advertise in newspapers or circulate elaborate pamphlets may have only a more limited type of access to public officials. Their methods should not be condemned as tactics of obstruction and harrassment as long as the assembly and petition are peaceable . . .

In more recent years, Douglas granted the defense a stay of the proceedings in the Ellsberg Pentagon Papers trial. He saw the Court overturn the death penalty, as he had advocated years before. He was one of the first public officials to speak out against the Vietnam war and to call for the recognition of the People's Republic of China. He formulated the concept that an individual "right to privacy" was inherent in the Constitution. This concept formed the basis of Court decisions which prevented or curtailed

Government intrusion into the areas of contraception and abortion.

Douglas was a conservationist long before it became fashionable. He was a strong and daring outdoorsman all of his life. He wrote extensively on his wilderness experiences and even promulgated a wilderness bill of rights. This part of him did not go unexpressed on the bench.

It is with great sorrow that we mark his passing. William Douglas made an immeasurable contribution to our public life and our private lives. Because many of his opinions remain as precedent, our Constitution is that much more powerful a document which protects us. We as a nation cannot afford to lose sight of the values for which he stood.●

CRAZY AS A GOLD BUG

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. PAUL. Mr. Speaker, when a trendy liberal magazine like New York can carry a progold article, we know the forces of sound money are making progress.

And when that article is written by the eloquent Tom Bethell, Washington, editor of Harper's, we can be doubly grateful.

Mr. Bethell's shopping lists would be worth reading, such is his ability, but I would especially like to call this article to my colleagues' attention. We all need to pay attention to it, as the paper money machine starts to break down.

CRAZY AS A GOLD BUG

(By Tom Bethell)

Gold bugs are people who believe that a worldwide financial disaster is imminent. Steven Beckner, author of The Hard Money Book, talks of a financial "Three Mile Island" in the offing. James Dines, the self-styled "original gold bug," says, "I'm looking for a tremendous financial crisis in this country, but Franz Pick [the dean of gold bugs] is looking for the end of the world." Gold is their fallout shelter.

Swiss bank accounts interest gold bugs, as do Liechtenstein Anstalten (even more private than Swiss accounts). Mountain hideaways, islands, and real estate with no mortgage attached are favorite topics of conversation when they gather at gold-bug conventions (many of them held "offshore," or beyond the reach of Treasury agents). So are water purifiers, dried food, and the shelf life of canned goods. Some gold bugs have a year's supply of food in storage, in accordance with the doctrine of Howard Ruff, the gold-bug author of "How to Prosper During the Coming Bad Years" (nearly 2 million copies in print). Quite a few gold bugs are called "colonel," and they log considerable flying time in their private planes. They are building up their gun collections.

Of course, pessimism is what made the gold bugs so rich to begin with. When the news is bad, when the dollar and the stock market go down, gold goes up. What depresses gold bugs even more than the thought of anarchy and mass starvation is the possibility that good news may send prices down again. Right now their major worry is the oil glut that Sheikh Yamani of Saudi Arabia has promised to deliver by spring.

If you think that the gold bugs are crazy, you are in good company. Many savants have been saying the same thing since gold sold for $35 an ounce. Paul Samuelson, the Nobel-prize-winning economist, wrote in his well-known textbook: "If it were not that gold has some monetary uses, gold's value as a metal would be much less than it is today." Congressman Henry Reuss, the chairman of the House Banking Committee, predicted that gold would drop to $6 an ounce when the United States Government stopped "supporting" its price at $35. They (and others) made the signal mistake of believing that it is the government that imparts value to gold. Gold bugs believe that gold makes people independent of the government.

I decided that I was on the side of the gold bugs the day I finally noticed the phrase "paper money." I realized I must have read it a hundred times in recent months without giving it a second thought. We have, after all, had paper money in America since the Continental dollar of 1775. But these became worthless in short order because too many of them were printed. A politician of the period explained why:

"Do you think, gentlemen, that I will consent to load my constituents with taxes, when we can send to our printer and get a wagon load of money?"

That's the situation we are in today, and that is why the price of gold is going so high. The political situation remains more or less as it was 200 years ago: When money is paper, politicians succumb to the temptation to print too much of it. "The price of gold has been bid up to such heights because inflation is expected to continue at even higher rates," says economist Arthur B. Laffer.

In 1971, the discipline of gold was completely abandoned worldwide for the first time in hundreds of years. Worldwide inflation followed. In August of that year, President Nixon closed the "gold window" of the U.S. Treasury, meaning that foreign governments were no longer permitted to exchange $35 for an ounce of the metal inside Fort Knox. Ownership of gold by U.S. citizens had been declared illegal in 1934. Before that date, citizens could exchange $20.67 of currency for an ounce of gold, or vice versa, whenever they felt like it. That convertibility is what is meant by the "gold standard."

Since 1971, money has expanded faster than economic activity. The problem with paper money is that it is infinite. William Rees-Mogg, a great hero among gold bugs because his respectable position—editor of the Times of London—is so reassuring to them, has written on this point: "One can write down $100 or $100 million . . . on the same piece of paper. There is no shortage of noughts." By contrast, "the quantity of gold is finite. . . . [It] belongs to the family of real economic resources whose exchange it is supposed to regulate."

Despite official disapproval and government attempts to demonetize it, gold made a rapid comeback after Nixon closed the gold window. A succinct explanation for this was given by Harry Browne, a leading gold bug, in his sound book "New Profits From the Monetary Crisis." "When the substitute [gold-backed currency] disappears, people turn to the real thing."

By 1975, U.S. citizens were allowed to own gold again, and more and more gold coins were issued by governments around the world. Overseas sale of the Krugerrand, a one-ounce gold coin issued by the South African government, had already begun in 1970. Other nations followed suit, most notably the Soviet Union, whose first leader had predicted that gold would eventually be used to plate lavatory walls. Lenin's successors had second thoughts and in 1975 issued the Chervonetz, a quarter-ounce gold coin. (One of the nicer ironies of the gold rush is that more than 80 percent of the world's gold is mined in these two unloved nations.)

The Soviet coin has not sold well, however, according to Leslie Deak, a vice-president of Deal-Perera, the coin and bullion dealer. Part of this is due to politics, part to the high premium (about 15 percent above the cost of gold). The Krugerrand accounts for about 90 percent of the gold-coin market, a testament to the power of advertising. "It has been very successfully promoted by the International Gold Corporation," Deak said.

Deak is bullish about gold, perhaps understandably. "It looks like it's going to go to a thousand before the Dow-Jones," he said. Gold supply is roughly constant. (The South Africans are not producing more in response to the higher price; instead they are using the extra money to mine hard-to-reach gold.) On the other hand, potential demand is huge. "Pension funds and even college kids are only beginning to invest in gold," Deak said.

I was glad to hear Deak's estimate of the market because I had bought a Kruggerand a few days earlier; it cost $612—that day's gold price plus an 8 percent premium. (Since then the market has grown more frenzied. Gold gained more than $100 in a single day to move above $800 an ounce. And in one day last week it dropped more than $100 to move back into the 600s.)

Before buying I consulted James Dines's newsletter. I was relieved to find, in his year-end issue, that the famous gold bug still had not transmitted his "much vaunted, one-and-only, all-out gold and silver sell signal," that "Major Top" still lay in the future. "Vow now to follow us out of the precious metals at that time," Dines added. (Into what, though? Not dollars, surely? Nevertheless, I vowed.)

Dines has been ridiculed, but you have to admit it takes nerve to tell people to buy gold at $35 (as he did), see the price go up past $600, and still counsel against selling. A persistent Dines critic has been Andrew Tobias, who told Esquire readers in November 1978 that to buy gold at that time you would have to be "a horse's ass, perhaps." Gold was then $227 an ounce. Dines won that bout, I believe.

The tremendous price run-up has nevertheless unnerved many gold bugs. Thomas W. Wolfe, the former director of the Treasury's Office of Gold and Silver Operations, who now puts out a newsletter himself, recalls attending an offshore (Acapulco) gold-bug convention last summer, when gold was still below $300. "Six out of seven gold bugs speaking from the platform warned that gold was due for a downward move," Wolfe recalls. Howard Ruff sent out a sell signal last September. "If you're going to be a gold bug, stick with it." Wolfe regards gold bugs as people with good instincts that tend to break down when they become analytical. He himself is bullish about gold, seeing it going into the thousands of dollars per ounce.

One of the things that really enrages gold bugs is the attempt by the Treasury to knock down the price by periodically selling off another slice of the U.S. gold reserve, which is currently measured at 265 million fine troy ounces, or more than 8,000 tons. It is by far the largest reserve in the world, although it was much larger in 1950 (21,000 tons).

About half of this reserve is kept in Fort Knox, and "a big chunk of it," according to Wolfe, in the New York Assay Office in Manhattan. The rest is in Denver and San

Francisco. Gold bugs worry that this stock may not really be as large as the government claims. Antony Sutton, who wrote "The War on Gold," notes that U.S. gold "is presumed to be in Fort Knox. There is skepticism about the existence of a U.S. gold stock which has not been physically audited in decades." This is something to think about.

The U.S. government's attempt to depress gold prices by selling off reserves has not worked because it has no effect on the cause of gold's resurgence—the weakness of the dollar. Even worse, the temporarily lower price gives gold bugs a chance to jump in and buy even more gold.

"The time to buy gold is on the day the Treasury holds a sale," Dr. Wray Krunkle, a vice-president of Wheat First Securities, told me. He believes that Arab investors have been "leaning on the Treasury" to hold more sales so that they can buy into the market again at a reduced price.

For such reasons, Thomas Wolfe considered it unlikely when I spoke to him that the Treasury would hold further gold sales in the immediate future. And Treasury Secretary G. William Miller indicated recently that no gold sales were imminent "in this very unsettled and rather uncharacteristic period."

In addition to being counterproductive, the gold sales have become politically unpopular. Senator Jesse Helms, for one, is hopping mad about the whole thing. He has introduced legislation to require congressional approval of Treasury gold sales.

I visited Helms's office on Capitol Hill one day to see his economic counsel, Howard Segermark, who perhaps knows as much about gold as anyone in Washington. (Nelson Bunker Hunt, recently in the news for having cornered a sizable portion of the world's silver market, was closeted with Helms at the time of my visit.) Last year Congress passed the Gold Medallion Act and this year will be putting on the market 1 million ounces of U.S. gold medallions. Segermark told me that this year there may be a change. "Legislation will be considered to revise the gold medallion into something more like an American Krugerrand," he said. Senator Helms is also expected to introduce a bill proposing a return to the gold standard. Such a bill almost certainly would not pass in this Congress, but it is a measure of the gold comeback that it can even be discussed.

I had wanted to meet Dr. Franz Pick ever since I heard that he had received a two-minute standing ovation at a recent gold-bug convention for saying that Michael Blumenthal, the former Treasury secretary, should be imprisoned for his crimes against the dollar. If nothing else, I could find out his opinion of G. William Miller ("An imbecile. Up to his elbows in manure. How can we have such a man as secretary of the Treasury?"). I called Dr. Pick, who said he would give me fifteen minutes of his time.

Pick publishes "Pick World Currency Report" out of an office at the southern tip of Manhattan. A wallpaper of his own design, reproducing defunct paper currencies from various nations and ages, covers his walls. When you meet Pick, you finally understand the phrase "gnome of Zurich." He is gnarled, grizzled, and small, and was born in Austria-Hungary in 1898. He was wearing a staid, well-cut banker's suit. An unfolded copy of Le Monde lay on his desk. His voice was soft, his accent Central European. Pick came to America in 1941, and he has watched things go downhill ever since.

"The destiny of every currency is devaluation," he whispered, explaining that he, perhaps alone in the United States, understands currency theory. "But gold has no master. It is invincible." He pointed to a reproduction of the Continental dollar on his wall. "It became almost valueless within four years. Then Mr. Franklin became ambassador to the court of Versailles, where he started to pussyfoot with Danton and Robespierre. 'You boys are going to start a revolution?' he said. 'Issue fraudulent currency as we did.' "

I asked him how high gold was going.

"You know I have underworld contacts?" he replied. "An underworld man told me: 'The federal government will let the gold price go to $1,000.' That corresponds with my ideas. Put down mini-dollars, please. One thousand mini-dollars."

The phone rang. Someone was keeping Pick up to date on the gold price that day. It had gone up to $645. "Forty-five," he repeated, and there was a ghostly gleam of pleasure in his eyes. "I told you it would go to $2,000, didn't I?"

He turned back to me and said: "I am in despair analyzing the trends month by month. Things will get much worse. We will have an elegant state bankruptcy. That is the plan. I wrote this pamphlet three years ago, and I did not get one write-up in the U.S. press." He handed me a copy of "The U.S. Dollar: An Advance Obituary." (He sells it for "42.22 paper dollars per copy," the outmoded price at which the Treasury still values each ounce of its gold reserves.)

"After 40 years of correct forecasts, all the U.S. Treasury wanted to do was put me in jail," he said.

I asked what for.

Pick waved a deprecating hand. "Monetary anarchy or something," he replied.

He told me he bought Krugerrands when they first came out—he happened to be in South Africa at the time—and he bought some more last week. "I am a very wealthy man," he allowed. "I have gold and silver, but I cannot be taxed on it because I have never sold." Another ghostly gleam.

Then he had to leave for a meeting uptown, but he offered me a ride in his limousine. He gave his chauffeur the good news about the gold price.

"What goes up must come down," the man said.

"No, no, never," said Pick as we settled into the backseat.

As we went bumping along the dilapidated streets toward midtown Manhattan, I suddenly thought: How strange! Here I am . . . limousine, chauffeur, sitting next to an elderly, convincing replica of a Zurich gnome, a proponent of gold, and these people are, considered crazy, called "gold bugs." . . . The gold standard: Doesn't that conjure up the Edwardian banker, sable-trimmed greatcoat, pillar of the community. . . . If gold bugs are "crazy," I reflected further, doesn't that tell us more about our topsy-turvy times than it does about . . .

Pick broke into my thoughts. "In 1941 already I predicted the end of the dollar," he said. "I was married to an American lady, and her family sent me to see a shrink because I said the dollar was going to go kaput." Then he listed the four paper currencies whose destruction he had lived through, beginning with the Austrian krone.

"The dollar today is worth 6 cents," he said, looking out of the window. "It will fade into nothing. This year probably." Then a brighter thought struck him. "You may not believe me," he said, "but one of my clients is a very senior Jesuit, sometimes called 'the black pope.' "

"And?"

Pick leaned over and whispered. "He's for gold. For God first, but also for gold." Gold, I felt, was in safe hands.●

OMB/OPM FINAL REPORT CITES IMPORTANCE OF PRODUCTIVITY

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. CORCORAN. Mr. Speaker, a final report to the National Productivity Council entitled "Federal Actions To Support State and Local Government Productivity Improvement" was released earlier this month. This November 1979 report resulted from the efforts of a study team cochaired by the Office of Management and Budget and the Office of Personnel Management.

I am happy to note that one of the nine recommendations made closely corresponds with legislation I have introduced with Congressman PAUL SIMON. The Intergovernmental Productivity Improvement Act of 1979 was introduced as H.R. 2735 in the House on March 8, 1979, and S. 1155 in the Senate by Senator CHARLES PERCY on May 15, 1979.

Our legislation would amend the Intergovernmental Personnel Act of 1970 by authorizing this program to make grants in the area of productivity improvement. This expansion of authority would improve the way in which Federal grants are utilized in conjunction with State and local governments by emphasizing efforts which improve productivity. Productivity improvement offers a real opportunity for maintaining or increasing the level of services without necessarily increasing taxes.

The final report also recognizes the importance of the Federal grant-in-aid system and states:

. . . the mechanics of the grant-in-aid system itself have a negative effect on State and local productivity.

The final report concludes that these two needs—improving the grants system and rationalizing existing and future productivity support activities—should receive priority attention.

Recognizing the importance of the grant-in-aid system, especially in terms of productivity, I joined Congressman LES AUCOIN in introducing H.R. 4504 on June 18, 1979. Companion legislation, S. 878, was introduced on April 4, 1979, by Senator WILLIAM ROTH. This legislation would streamline and simplify Federal grant programs.

I commend the final report's finding that—

The Federal . . . has vested interest in State and local government productivity improvement. State and local governments play a vital role in accomplishing specific national objectives and carrying out federally mandated programs. It is incumbent on the Federal Government to see that these dollars are spent wisely, and that future requirements reflect the effective and efficient use of Federal tax dollars by State and local governments.

For the benefit of my colleagues, I include in the RECORD at this point the

section of the report entitled, "More Effective Capacity Building Assistance." This section discusses the merits of H.R. 2735/S. 1155, the Intergovernmental Productivity Improvement Act of 1979. Following this excerpt, I include the conclusions and recommendations of the report. Listed among the nine recommendations is recommendation 2, which recommends that the nature of the IPA program be amended in a way similar to the proposal embodied in H.R. 2735/S. 1155.

The material follows:

MORE EFFECTIVE CAPACITY BUILDING ASSISTANCE

In summary, current Federal programs that support State and local government management capacity building do not represent a comprehensive program effort, as they cover only a limited number of management responsibilities. The only activities currently supported by capacity building efforts are personnel management, financial management, labor-management relations, and planning.

Recent studies have noted this shortcoming and have recommended that the Federal Government take steps to strengthen its management capacity building assistance to State and local governments. Strengthening Federal support would involve—at a minimum—expanding support eligibility to all management activities. While there are several ways that this could be done, building on existing programs—particularly the IPA and HUD programs—would appear to be the most logical approach.

Amending the Intergovernmental Personnel Act to authorize grants and cooperative agreements for general management improvements is the approach most often recommended. The basic framework and characteristics of the IPA program would remain intact, except that the range of management areas eligible for IPA assistance would be expanded to include policy planning, organizational development, financial management, information systems, program evaluation, and other management activities.

Legislation has been introduced in the Congress (H.R. 2735 and S. 1155) that would authorize grants under the IPA for productivity improvement projects. It would appear to be more desirable to authorize IPA grants for general management improvements, which would include productivity improvement as well as other management projects. This would give maximum flexibility to the funding of projects. Giving priority to productivity-enhancing projects could result from OPM and State and local government determination of criteria for project assistance.

The legislation also would authorize Federal funding of 90 percent for projects. Federal funding at this level is not appropriate for the "seed money" approach currently used in the IPA program. Almost all the literature emphasizes the need for a high State and local match in such programs in order to assure State and local commitment to the project. A higher Federal contribution could be considered only if the IPA program were re-oriented to emphasize the testing of new management systems and techniques where the potential benefit could extend beyond a single jurisdiction.

Based on the March 1 workshop on State and local productivity and public comments received on the study, the current IPA program is strongly supported by State and local officials. The IPA can be used to support efforts that result in significant cost savings, while reducing the political and financial risks to the jurisdiction. The GAO report on State and local productivity supported the seed money concept, especially in fiscally troubled jurisdictions where Federal support is needed to underwrite start-up costs.

Nevertheless, there are those who feel that seed money projects for individual jurisdictions should be deemphasized in favor of demonstration projects that could have a payoff for a large number of jurisdictions. The arguments for this change revolve around the belief that the available Federal funds should be used in a manner that will benefit the most jurisdictions. In particular, it is pointed out that the $4 million in discretionary funds, now split 50-50 between projects selected by OPM headquarters and those selected by the ten OPM regional offices, could be much better spent on "national" research and development projects.

CONCLUSIONS AND RECOMMENDATIONS

Designation of lead agency

Designation of a lead agency is a necessary first step in order to rationalize and plan existing and future Federal support of State and local government productivity improvement.

HUD and OPM would appear to be the most logical choices to be the lead agency. Both have existing support programs for State and local productivity and have established working relationships with State and local governments and their associations. As lead agency for the Federal workforce productivity program, OPM would be able to promote the exchange of ideas between the two efforts. Most of the literature and public comment support designating OPM as lead agency.

Recommendation 1: Designate OPM as lead agency.—It is recommended that OPM be designated as the lead Federal agency for State and local government productivity improvement. Two positions and $100,000 should be devoted to this activity. As lead agency, OPM would be responsible for:

Working with Federal agencies to develop a strategy for Federal support of State and local productivity improvement;

Promoting concern for State and local productivity in Federal programs;

Acting as a point of contact on State and local productivity matters for State and local jurisdictions and professional, public interest, and university-based organizations; and

Reporting annually to the National Productivity Council on Federal efforts to support State and local productivity improvement efforts, beginning in 1980.

Management capacity building

The Federal Government can make a valuable contribution to State and local government productivity improvement through a management capacity building program coverng all management areas. Amending and reorienting the Intergovernmental Personnel Act, as described in Chapter 3, would be a positive first step. The Office of Personnel Management, in its role as lead agency, could investigate opportunities for other agencies to participate in a capacity building program by taking a lead in a designated management area (e.g., the HUD program for financial management). Additional funding for management capacity building should not be considered until these opportunities and the experiences under the amended IPA program are assessed.

Recommendation 2: Change nature of IPA program.—The National Productivity Council should support an amendment to the Intergovernmental Personnel Act that would authorize grants and cooperative agreements in any management area, not just personnel management. More emphasis should be placed on the awarding of grants for test and demonstration projects whose results could be transferred to other jurisdictions. IPA discretionary funds, in particular, should be used for this purpose.

Recommendation 3: Assess management capacity building programs.—The Office of Personnel Management, in its role as lead agency, should prepare an assessment of management capacity building programs, including the opportunities for other agencies to participate, and experiences under the amended IPA program. This assessment should be included in the 1980 OPM report to the National Productivity Council.

Productivity measurement

Four possible initiatives in the productivity measurement area were identified: (1) development of new and improved measurement techniques; (2) development and publication of comparative statistics; (3) development and publication of a productivity index for State and local governments; and (4) direct assistance. Two of these initiatives—comparative statistics and a productivity index—would be very expensive and would represent a major new undertaking.

In the other two areas—measurement techniques and direct assistance—there is already significant work under way in the mission agencies. These efforts address the most immediate and basic measurement needs of State and local governments and should be continued and expanded wherever possible.

Recommendation 4: Encourage and assess current efforts.—The Office of Personnel Management, in its role as lead agency, should encourage the mission agencies to continue and, where possible within their own budget priorities, expand current support for measurement efforts in State and local governments. OPM also should work with the Office of Federal Statistical Policy and Standards, Department of Commerce, to consider conceptual problems and issues related to comparative statistics and a State and local government productivity index. The Office of Federal Statistical Policy and Standards would serve as the primary technical adviser to OPM, working closely with other Federal data collection and analysis agencies, such as the Bureau of Labor Statistics, the Bureau of the Census, and the Bureau of Economic Analysis.

Recommendation 5: Use IPA to provide cross-cutting support to measurement efforts.—The Intergovernmental Personnel Act should be used to test new/improved measurement techniques. The Office of Personnel Management, which also has responsibility for the Federal workforce productivity program, should identify "spinoffs" from the Federal program that could be adapted or evaluated for State and local government use through the IPA program.

Improved methods and technologies

Chapter 5 presented three areas of need for improved Federal support of State and local productivity improvement: (1) needs identification; (2) support for promising technology; and (3) information sharing.

The process for identifying the research needs of State and local governments and making these needs known to Federal departments and agencies should be established on a more permanent basis. The Intergovernmental Science, Engineering, and Technology Advisory Panel, in the Office of Science and Technology Policy, is the best vehicle for identifying research needs, but its level of resources should be made commensurate with its responsibilities. At the present time OSTP supports only one full-time professional staff member for the Advisory Panel. The rest of the ISETAP staff consists of two "detailees" from other Federal agencies.

Recommendation 6: Assign OSTP lead responsibility for research needs assessment.—It is recommended that the Office of Science and Technology Policy take the lead, through ISETAP, in identifying the research needs of State and local governments. An additional two positions and $100,000 should be devoted to this activity.

The Office of Personnel Management should use the results of the needs identification process to encourage the appropriate mission agencies to undertake needed research. This type of operational role would be inappropriate for OSTP. OPM also should encourage the mission agencies to do further testing and evaluation on promising technologies. It is unclear at this time if this effort can be funded through existing programs. A major concern is those State and local government activities—such as public works—that do not have Federal counterparts.

Recommendation 7: OPM working with OSTP, should encourage needed research.—The Office of Personnel Management, in its role as lead agency, should work with OSTP to encourage Federal agencies to undertake research that supports State and local government needs, particularly "breakthrough" technology that could lead to major improvements in productivity.

Recommendation 8: OPM should assess research support.—The Office of Personnel Management should include in its annual report to the National Productivity Council the results of the ISETAP needs identification process, information on programs to meet these needs that are being pursued in the mission agencies, identification of gaps in State and local government research and development support, and recommendations for improvement.

Transfer of information on improved methods and technologies is discussed in the next section.

Information sharing

Improved information sharing is one of the most important actions the Federal Government could take to support State and local government productivity improvement. Since information sharing cuts across many areas, including management capacity building, productivity measurement, and improved methods and technologies, designation of a lead agency to assess current programs and identify opportunities for improvement appears to be essential. This responsibility could be lodged in the Productivity Clearinghouse at NTIS, or it could be assigned to OPM as part of its lead agency responsibilities. NTIS's existing responsibilities and activities argue in favor of building on this base; the program development and coordination aspects of the effort argue in favor of using OPM.

In either case, some additional resources would be required. These additional resources would run in the neighborhood of 2-3 positions and $400,000. This does not include permanent funding for the NSF information networks. An evaluation of future funding of these networks should be included in the overall assessment of Federal information sharing.

Recommendation 9: OPM should develop an information sharing program.—The Office of Personnel Management should take the lead in developing an information sharing program. Three positions and $400,000 are recommended to support this activity. Specific responsibilities would include:

Preparation of a plan for productivity information sharing that incorporates the resources of Federal and non-Federal groups:

Support of information networks for State and local productivity that emphasizes the availability of problem-solving information; and

Preparation of an assessment of Federal information sharing for State and local productivity improvement for inclusion in its report to the National Productivity Council.

Resource requirements

Implementation of the study recommendations would involve five additional positions and $500 thousand for the Office of Personnel Management, and two positions and $100 thousand for the Office of Science and Technology Policy. We believe that the need for further resource increases can be precluded by the better utilization of resources currently devoted to productivity improvement, and by giving higher priority to State and local needs within existing program funding. Resource requests beyond those recommended in this report should be supported by fully documented cost-benefit analyses.

Public comments on the draft report

The public comments received on the draft report primarily were concerned with the level of funding and nature of the IPA program. Most of those commenting felt that if the IPA were amended to include general management assistance as this report recommends, there should be a commensurate increase in funding. The general feeling was that an expanded mandate without a funding increase would adversely affect what is now seen as a successful program for personnel management improvement. Several organizations also objected to the proposed de-emphasis of seed money grants, citing examples of successful projects.

The basis for not recommending additional funding, primarily the need for program planning and experience under a re-oriented IPA, is discussed in Chapter 3. The proposal in that chapter for more funding of demonstration projects recognizes that there still will be a need for seed money grants for projects with high payoff potential for an individual jurisdiction.●

PAUL HENZE'S EMPLOYMENT SHOULD BE TERMINATED

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Ms. HOLTZMAN. Mr. Speaker, I have already addressed the House regarding the unconscionable statements made by Mr. Paul Henze of the National Security Council staff about a Radio Free Europe broadcast of an interview with alleged Nazi war criminal Valerian Trifa. At that time, and in several letters to the President, I urged that Mr. Henze be dismissed from his position in the White House.

Several newspaper editorials and television and radio commentaries have also called for Mr. Henze's removal. I commend those following to my colleagues' attention:

[From the St. Petersburg Times, Dec. 16, 1979]

A GOVERNMENT BLUNDER

Radio Free Europe is subsidized by the United States government as an outlet for anti-Soviet propaganda. Unlike the Voice of America, which strives for objective, balanced journalism, Radio Free Europe is intended to be, and is so regarded by the rest of the world, as a partisan U.S. voice. That being so, it ought to be very careful what it says.

Radio Free Europe blundered badly last May when it broadcast a 45-minute interview commemorating the 50th anniversary of the Romanian Orthodox Church in the United States. The person interviewed was Bishop Valerian Trifa, head of the church. The U.S. Justice Department is trying to have him stripped of his citizenship and deported on charges that he took part in the killing of 4,000 Jews in Europe during World War II. But Radio Free Europe put him on the air, in a broadcast aimed at Eastern Europe, as if no such allegations had been made.

The effect, of course, was to imply that the U.S. government doesn't really take the charges seriously and has no intention of deporting Trifa. The people of Eastern Europe could come to no other conclusion, accustomed as they are to the proposition that government radio speaks for government.

Responding to a Justice Department protest, a senior vice president of Radio Free Europe has agreed that the interview was a mistake.

There, the matter might rest—but for an event that compounded the blunder by raising serious questions about the judgment of one of the aides to President Carter's national security adviser, Zbigniew Brzezinski.

According to the Associated Press (AP), Paul Henze, the aide, defended Radio Free Europe during a closed meeting Aug. 15 of the Board for International Broadcasting, the agency which furnishes U.S. money to Radio Free Europe. In a transcript obtained by the AP, Henze defended the interview on grounds that Trifa "represents an important American ethnic group" and dismissed the controversy as "silly."

"• • • I think it's a very serious issue," disagreed Walter R. Roberts, the board's executive director.

"• • • It certainly isn't serious from the point of view of the White House," Henze replied.

If it isn't, it ought to be. If Henze isn't troubled at having the U.S. government made to look cozy with a suspected Nazi murderer, he ought to be fired. And if Brzezinski can't see that, he should be fired, too.

[From the Miami Herald, Dec. 14, 1979]

TRIFA CASE: FIRE WHITE HOUSE AIDE

Concern for human rights has been the centerpiece of Jimmy Carter's Presidency. How utterly unthinkable, then, that a White House aide so blithely insisted that U.S.-financed Radio Free Europe broadcast an interview with a man whose name is synonymous with the slaughter of Romanian Jews during World War II.

Paul Henze, an aide to the President's national-security adviser, Zbigniew Brzezinski, overrode others' objections and insisted that Radio Free Europe broadcast the interview with Romanian Orthodox Bishop Valerian Trifa. If Mr. Henze knew of the charges pending abainst Bishop Trifa, he sloughed them off. Objections to the broadcast were "silly," said Mr. Henze. The issue "certainly isn't serious from the point of view of the White House."

It ought to be. It ought to be so serious that Mr. Henze should be fired for gross stupidity if not for blatant insensitivity to human rights.

Mr. Henze knew full well that the Government has been trying since 1975 to revoke Bishop Trifa's citizenship, granted in 1956, because he lied on his application for naturalization. He knew full well that Bishop Trifa's case is being prosecuted by the Immigration and Naturalization Service's Nazi War Crimes Special Litigation Unit.

But that mattered little to Mr. Henze. He insisted that Radio Free Europe beam the interview back to Romania—where Bishop Trifa already has been sentenced *in absentia* to life in prison for pro-Nazi crimes—because the bishop represents a significant U.S. ethnic group, the million-member Romanian Episcopate of the Orthodox Church in America.

Before he became an ecclesiastic, Bishop Trifa was—in 1941—head of the pro-Nazi Romanian Iron Guard. He admits making a speech in Bucharest on Jan. 19, 1941, but he denies responsibility for what happened afterward.

What happened was that the Iron Guard, allegedly incited by the speech, rampaged through Bucharest's Jewish ghetto the next day. When the carnage was over, six thousand persons were dead. Romanian officials found 289 Jews literally slaughtered, hanging on meathooks in an abattoir, their throats slashed.

The Government's efforts to bring Bishop Trifa to trial have moved glacially because, after nearly 40 years, witnesses are difficult to locate. He denies any complicity in war crimes and says the charges against him are "a Communist plot." He is in fact only charged; he is innocent until proved guilty.

But innocent or not, Bishop Trifa is under a cloud. His broadcast outraged many Romanian-Americans and dismayed the Justice Department. Rep. Elizabeth Holtzman, Democrat of New York, wrote to President Carter and demanded that Mr. Henze be fired.

Firing Mr. Henze is the least the President can do. That would not undo the damage Mr. Henze has caused. But it would show that the man who occupies the White House knows, even if some who only work there do not, that human-rights concerns are not "silly."

COMMENTARY FROM WEAM RADIO, DECEMBER 19, 1979

This is Les Kinsolving with Capital Commentary:

Headline: White House aide Paul Henze should be fired—immediately

Three years ago this column provided the first nationally syndicated disclosure that Rumanian Archbishop Valerian Trifa of Detroit was for 20 years a member of the governing board of the National Council of Churches (NCC) which organization deliberatedly ignored evidence presented to them about his past.

Trifa has been charged by the Department of Justice with lying to obtain U.S. citizenship. He is charged with lying about his participation in the nazi murder of 4,000 jews. These included 200 whom he hanged on meathooks in a Bucharest slaughter house in January of 1941—and stamped their bodies "kosher meat."

The National Council of Churches retaliated when its agent, Tim Smith, circulated a letter around Washington implying I was a foreign agent. (A year-long investigation by the Department of Justice and the Senate Rules Committee resulted in my being cleared of the charges that I was under the direction or control of the governments of South Africa, Rhodesia or Israel.)

Trifa is still awaiting trial—after five years. Even more scandalous is the fact that last May 1, this mass murderer was interviewed for 45 minutes by the U.S. Government-financed Radio Free Europe.

Even more outrageous than this is the transcript of the remarks of White House staffer Robert Henze on August 15 to the Board of International Broadcasting.

"This is silly Trifa business, for example, gets everybody worked up."

In the transcript, which has been published by Associated Press, Walter Roberts, this Board's director replied, "It's not so silly."

Henze: It certainly isn't serious from the point of view of the White House.

Roberts: Well it's very serious from the point of view of this Board.

Henze: Let me state the White House position on this issue. Bishop Trifa, as an American citizen represents an important American ethnic group.

"Last week Rep. Elizabeth Holtzman wrote President Carter a letter, in which, quite appropriately she requested Henze's immediate removal from your staff."

If President Carter does not take precisely such action against this colossal fool who thinks the murder of 4,000 Jews is "silly business," the nation's Jewish community—as well as all christians not involved with NCC, ought to write, wire or telephone the White House and the democratic national committee. They should ask how in God's name any born-again baptist can be so unconcerned about 200 Jews who this creature hung on meathooks.

This is Les Kinsolving.

COMMENTARY OF JACK ANDERSON, GOOD MORNING AMERICA (ABC-TV), DECEMBER 6, 1979

The last person who'd defend a Nazi war criminal, you might think, would be Jimmy Carter. He has ordered all war criminals deported from the United States if a case can be made against them. Yet behind closed doors, a White House aide has defended a notorious war criminal.

First, let me tell you about the war criminal. His name is Valerian Trifa. Documents on file with the Justice Department charge that he was personally responsible for the deaths of 4,000 Jews in 1941. One witness swore that Trifa led an execution squad into a cell full of helpless Jews.

Trifa committed these atrocities in his native Romania. He was a leader of the Romanian Iron Guard, which was aligned with the Nazis. He was sentenced to life in prison for his war crimes.

But he escaped to the United States. He took our citizenship papers. And today, this mass murderer is a bishop in Detroit. He wears the collar of the Romanian-American Orthodox Episcopate.

But he got his citizenship by lying about his background. So now the Justice Department is trying to denaturalize and deport him.

Last May, he used his credentials as a church leader to appear on Radio Free Europe. I revealed this on Good Morning America. Well, it caused an uproar. Now I've learned it was brought up at a closed session of the Board for International Broadcasting meeting.

There was a White House aide at the meeting. His name is Paul Henze. He said it was "silly" to be concerned over Trifa's appearance on Radio Free Europe. He also said that it "certainly isn't serious from the point of view of the White House."

But here's the kicker. My sources quote Henze as saying: "Let me state the White House position on this issue. Bishop Trifa, as an American citizen, represents an important ethnic group."

In other words, the war criminal is now a church leader, with a following. So the White House doesn't want to offend him.

New York Congresswoman Elizabeth Holtzman has led the fight to track down Nazi war criminals. She has written a private letter to President Carter, demanding that Henze be fired.●

PERSONAL EXPLANATION

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. MOORE. Mr. Speaker, I was unavoidably absent on Monday, January 28, 1980, due to my presence at the funeral of the mayor of Zachary, La., the Hon. Jack Breaux, on that date.●

AFTERMATH OF A WILDERNESS ACT

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. OBERSTAR. Mr. Speaker, during the 95th Congress, I urged my colleagues to fully consider the impact of pending legislation dealing with the Boundary Waters Canoe Area. In our extensive debates on this issue, I asked that the House not approve legislation which I knew would have an adverse impact on the people and the economy of the area around the Boundary Waters Canoe Area. In response to that concern the House did authorize programs to mitigate the law's impact. While I recognized the importance of those programs, I felt then that no programs could fully alleviate the damage to be done by the Boundary Waters Canoe Area Act of 1978.

For fiscal year 1980, Congress has provided almost $16 million to assist my constituents adjust to restrictions imposed upon the Boundary Waters Canoe Area by that act. I appreciated the support of my colleagues, and particularly that of the chairman of the Agriculture Appropriations Subcommittee (Mr. WHITTEN) and of the chairman of the Interior Appropriations Subcommittee (Mr. YATES) for their support of my request for that appropriation. I will be coming before those subcommittees again this spring to ask their help in seeing that the Federal Government continues to honor the promises made in the enactment of the boundary waters law.

The act has been in effect for 1 year now. The funds to mitigate its impact have only become available in the past weeks. As feared, the law has severely hurt the people and the businesses of the small communities on the fringe of the boundary waters.

I do not wish to review the history of that law or to revive the controversy surrounding its enactment. I would, however, very much like to share with all my colleagues an excellent column which appeared in the U.S. News & World Report of December 24, 1979. The column by News & World Report editor, Marvin Stone, provides an excellent overview of the impact of the new law on the local people:

WILDERNESS—AND PEOPLE

Few will quarrel with the idea behind the 1964 Wilderness Act—to protect from over-

zealous development the unspoiled gems of nature still remaining in this country. But when protecting the land brings hardship to people who live nearby, who use the land and depend on it for their livelihood, perhaps it is time to take another look.

A case in point is what is happening in Minnesota's Boundary Waters Canoe Area the largest—and most visited—officially protected wilderness area east of the Rocky Mountains.

Congress voted last year to ban the use of motorboats on all but 23 of the 1,060 lakes within the existing Boundary Waters. Environmentalists argued that this was necessary to protect the deep, clear lakes and forests of birch and pine from man's destruction. The sound of motorboats, they said, reverberates across the lakes, disturbing the habitat of such native wildlife as timber wolves, moose, loons and lynxes and destroying the "wilderness experience" for canoeists, hikers and campers.

Many of the 25,000 residents of northeastern Minnesota heatedly disagree. They insist that the environmentalists' concern about motorboat noise is largely a matter of aesthetics, rather than habitat damage. They say the new restrictions have had a devastating impact on tourism, the backbone of their economy.

"People just aren't coming back—especially older people and the handicapped," we are told by Frank Salerno, a real-estate agent in Ely, just outside the Boundary Waters. "Not everybody can paddle a canoe." At least 11 of the area's 45 resorts are being forced to close their doors permanently.

Congress foresaw these difficulties and took steps in last year's legislation to ease them. It mandated new boat landings, campsites and hiking trails outside the Boundary Waters, in the surrounding Superior National Forest, for those who do not wish to submit to the wilderness restrictions. And it offered to buy any resorts whose owners felt they could not operate under the new law.

It took a year for Congress to appropriate money to pay for these steps. The residents around the Boundary Waters, having waited and waited for the promised federal aid, are furious. Many of them have banded together, hired a lawyer and gone to court to have the new restrictions declared unconstitutional. Their chances of success are mixed at best, and in any case, the matter is likely to be in the courts for a long time.

The outcome is important—not only to local residents, but to the entire nation—as the government turns more and more public land into officially protected wilderness.

Already more than 19 million acres have been included in the National Wilderness System. Most of this land is in the sparsely populated West, where restrictions have had little impact on people.

This is about to change, however. The U.S. Forest Service has recommended that another 15 million acres be tacked on to the wilderness system and that 11 million acres more be set aside for further study. Many of these lands are in the heavily populated eastern United States.

If the wilderness system is expanded further by Congress, the Boundary Waters experience should suggest two things:

Before establishing any new wilderness area, Congress ought to make sure that the national interest involved is worth the inevitable burdens that the wilderness restrictions will impose on local residents.

When Congress decides to create a wilderness area, it must move quickly and adequately to minimize hardships.

America's very real need to preserve its precious wilderness need not compel the federal government to inflict damage on the citizens who live nearby, as appears to have happened in Minnesota.●

PERSONAL EXPLANATION

HON. LARRY P. McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. McDONALD. Mr. Speaker, on January 28, 1980, I unavoidably missed two votes. While I was paired on each vote missed, I did not receive a live pair on either vote. If I had been present I would have voted as follows:

"No" to the amendment to H.R. 4788, the Water Resources Development Act, authorizing the construction of six additional water development projects; and "Yes" to the amendment to H.R. 4788, the Water Resources Development Act, to delete authorizations for construction of certain water projects.●

A MILITARY MESSAGE WOULD BE A MISTAKE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. STARK. Mr. Speaker, a good part of the international community is outraged about the Soviet invasion of Afghanistan and the holding of Americans hostage in Iran.

Americans are even more upset at these events and these feelings can easily lead to inappropriate responses. While keeping our goals of world peace and prosperity in mind, it is crucial to our future, to the future of the Western world and to the future of our other friends that we carefully analyze all proposed reactions to these events.

I believe it is too easy to resort primarily to military responses. Our position in the world is changing, but it is not relatively any worse or any better than the position of the Soviet Union. Gene La Rocque of the Center for Defense Information has thoughtfully considered these same issues and I found his January 15, 1980, Los Angeles Times essay, "A Military Message Would Be a Mistake," to contain ideas that I fully endorse. The text follows:

A MILITARY MESSAGE WOULD BE A MISTAKE

The temptation to fight irrationality with irrationality is strong. Hostages in the U.S. Embassy in Tehran and incredible increases in the price of oil have shocked many Americans. The massive Soviet military invasion of Afghanistan has added to our concerns. We know that we are a powerful nation, but the inability of our government to solve these problems makes many wonder whether we are powerful enough. Demands grow for more military spending, more weapons for intervention, and a tougher international posture. The call is for America to speak loudly and carry a bigger stick. And the government responds.

But a military response to the impasse in Iran and the oil crisis would be a mistake. Beefing up our armed forces and talking tough are ineffective and wasteful responses to the difficulties that we face. The search for the chimera of a military solution to domestic turmoil in foregin countries and the restructuring of international economic relations can only distract us from the search for more appropriate means of preserving our interests.

In the case of the American hostages in Iran, it has been clear from the beginning of this episode that there were no military means by which the United States could achieve the freeing of our citizens. More U.S. Marines in the Persian Gulf and more U.S. aircraft carriers in the Arabian Sea will make no difference. Not only is it true that Minutemen missiles mean nothing in the Middle East, but additions to our already substantial capability for military intervention around the world will not prevent or resolve future hostage situations.

For the immediate purpose of obtaining the release of the American hostages, the threat of future military reprisals by the United States is precisely the consideration that will most inhibit the Iranians from releasing them.

Neither our allies in the Middle East, such as Saudi Arabia, nor our friends in Europe and Asia are calling for U.S. military intervention or even expanded military presence. Most of our allies seem to believe that U.S. military actions will do more harm than good.

The U.S. military could readily defeat the armed forces of any Middle Eastern country or oil producer. But such a military victory could only bring disaster in its wake. Our own economy and those of our allies in Europe and Japan could not rely on supplies of oil in the face of inevitable widespread sabotage and reprisal. Unstable pro-Western governments in the Middle East would face revolution with the upsurge of outraged Islamic public opinion.

Alleged inadequacies of U.S. military power are not the cause of international instability. We could double our military budget and still have a continuing stream of unpredictable and unmanageable events. The Soviets have nothing to do with the rise in the price of oil. They have nothing to do with the recent trend of events in Iran, no matter how hard some search for the hand of the Kremlin. Their invasion of Afghanistan did not occur because of their perception of U.S. military weakness.

It is time that we face the harsh truth. The United States, which for many years was the most fortunate of nations, has come to be more like other countries. Our former invulnerability and position of privilege have been replaced by substantial military and economic vulnerability that we can do little or nothing about. Other countries, including the Soviet Union, are at least as vulnerable as we are, and at least as fearful of possible future disasters. We are far from being alone in facing great uncertainties. Our enormous and growing nuclear and conventional military capability plays only a small role in the unfolding of world events.

If in fact the expansion of military budgets and the threat of military attack served a useful purpose for the United States, one might want to embrace this return to traditional attitudes. But we have no reason to believe that more military activism is going to work. The declining utility of U.S. military power is not a mere slogan from the old days of the Vietnam War. It is a reality that no amount of bluster and budget appropriations can obscure.●

TRIBUTE TO JIMMY DURANTE

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. MOAKLEY. Mr. Speaker, Jimmy Durante was truly an extraordinary entertainer. Boston was a favorite stop along the tour for Durante and I can remember many evenings of enjoyment watching him perform at Blinstrub's in South Boston.

Complete entertainers like Jimmy Durante enrich all our lives and I would like to share with my colleagues a Boston Globe article by Ernie Santosuosso entitled "A Legacy of Laughter":

A LEGACY OF LAUGHTER

(By Ernie Santosuosso)

Jimmy Durante always left them laughing.

He left a public which delighted at his mangled English, the songs wistfully delivered in a solitary spotlight, his showstopping strut-away, the familiar "hot-cha-cha!," and the hundreds of charitable causes his presence bolstered.

"Lemme hear da music!"

"I got a million of 'em."

"So, I ups to him."

"Everybody wants ta get inta da act."

"Stop da music!"

These were the ingenuously uttered mispronunciations and malapropisms that endured as Durante's trademarks. He once told an interviewer his verbal gaffes wouldn't have been funny if he deliberately tried to fracture the language.

Once he told his tailor to cut for him a "chevrolet" suit instead of cheviot. Asked if he wished to retrace his boyhood haunts, Schnoz smiled wistfully.

"Why not," he said, "I got real neuralgia for da old place."

Discussing his reading habits: "I read but strictly nonfriction." Who was his favorite composer? That one was easy for Durante: "Faust." Instead of splitting infinitives, he broke them up in little pieces.

He spoke with US Presidents on a first-name basis. During a visit to the White House, President Harry Truman, who enjoyed a break at the piano, played a solo for the comedian. When Truman concluded his piece, Durante quipped: "Harry, don't ever give up your daytime job."

He also mingled with royalty. "But sometimes I didn't know what they was talkin' about," he was heard to observe. On another occasion, he was visited backstage by members of the prestigious Dublin theater company. The actors spent an hour in the dressing-room discussing relatively esoteric subjects with the uncomprehending Durante. Finally, when they left, he turned to his partner the Lou Clayton, and asked: "Was they knockin' me or praisin' me?"

Not only was he a soft touch for financially strapped friends and pure strangers, Durante unfailingly answered the calls of the needy. In 1966 he canceled a lucrative booking in Texas to perform in the Mayor's Charity Fund benefit at Hynes Auditorium. The kids were never happier at the Fernald State School for the retarded than when Durante, taking time off from his engagement at Blinstrub's in South Boston, dropped by. Earlier that day, Jimmy had done his act in a local candy factory for the candy-dippers who had written him they couldn't afford to see him at Blinstrub's. Wherever he played, Schnoz would devote much of his leisure time to visiting shut-ins.

In 1962, he literally halted traffic as 5000 persons gathered to see him as he gave Globe Santa a helping-hand outside the charity's headquarters at Washington and Milk streets. That day he made a pitch for Globe Santa's "toity-thousand kids."

A Boston visit always included a stopover at Richard Cardinal Cushing's residence where Durante would do his routine for the prelate, priests and nuns.

"You're the best comedian in the business," said the cardinal after Schnoz had them laughing for an hour or so.

"And the oldest," responded Durante, who was 74 at the time.

When the cardinal recalled they hadn't seen each other since Las Vegas, Durante broke him up.

"What was a man of the cloth doing in such a city?"●

CONGRESSIONAL SALUTE TO THE PASSAIC COUNTY BOARD OF AGRICULTURE UPON THE CENTENNIAL ANNIVERSARY OF THE NEW JERSEY AGRICULTURAL EXPERIMENT STATION AT COOK COLLEGE, RUTGERS THE STATE UNIVERSITY 1880-1980

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. ROE. Mr. Speaker, on Friday, February 1 the residents of Passaic County, my congressional district and State of New Jersey will join together with the Passaic County Board of Agriculture in a commemorative salute to the New Jersey Agricultural Experiment Station at Cook College, Rutgers the State University upon the celebration of the 100th anniversary of the founding of the New Jersey Agricultural Experiment Station which was established by statute signed into law on March 10, 1980.

Mr. Speaker. It is indeed my privilege and honor to commend to you the following distinguished members of the board of governors who have served as directors throughout this past century at the helm of the New Jersey Agricultural Experiment Station:

DIRECTORS, NEW JERSEY AGRICULTURAL EXPERIMENT STATION, 1880-1980

The Honorable:
George H. Cook 1880-1889
Edward B. Voorhees 1893-1910
Jacob G. Lipman 1911-1939
William H. Martin 1939-1960
Leland G. Merrill, Jr. 1961-1962
Ordway Starnes 1962-1965
Walter A. Maclinn 1965-1971
Charles E. Hess 1971-1975
Grant F. Walton 1975-

With pardonable pride, I also commend to you the officers of the Passaic County Board of Agriculture of my congressional district who have earned the respect and esteem of our people for their outstanding public service and administration of most important research and discovery food, nutritional, agricultural, science, and technology endeavors that have truly enriched, enhanced and preserved the integrity of our environment. The current officers of the Passaic County Board of Agriculture are, as follows:

OFFICERS, THE PASSAIC COUNTY BOARD OF AGRICULTURE

The Honorable:
Fred Parrott, President;
Harry Meyer, Jr., Vice President;
Leonard Dujets, Secretary,
Roger Steiner, Treasurer; and
Bruce C. Van Duyne, Senior County Agent.

Mr. Speaker, with your permission I would like to insert at this point in our historic journal of Congress, a brief chronology and profile of the history of the New Jersey Agricultural Experiment Station presented to me by the Honorable Bruce C. Van Duyne, our senior county agent of the Passaic County Board of Agriculture, which most eloquently sets forth the dedication and sincerity of purpose of the men and women whose exemplary professional expertise have contributed to the goals and objectives of the New Jersey Agricultural Experiment Station in conserving and nurturing our land and natural resources for the benefit of all mankind. The history and development of the New Jersey Agricultural Experiment Station is inextricably intertwined with the leadership and good counsel of its founding director, the Honorable George Hammell Cook, and a host of other dedicated men and women throughout the past century devoted with the deepest of concern to the agricultural needs of people—ever seeking the highest standards of excellence in their personal commitment to the advancement of science and technology in the field of agriculture to help improve the quality of life for all of our people. This brief history reads, as follows:

THE NEW JERSEY AGRICULTURAL EXPERIMENT STATION 1880-1980

A COMMITTED FUTURE FROM A COMMANDING PAST

The New Jersey Agricultural Experiment Station was founded by an act of the State Legislature, signed into law on March 10, 1880.

Its first director, and the person most responsible for obtaining the land grant from the federal government, for what was the Rutgers Scientific School, was George Hammell Cook, for whom Cook College is so appropriately named.

In keeping with the land-grant philosophy of higher education, that of the integration of teaching, research and Extension, the New Jersey Agricultural Experiment Station is today the research and Extension arms of Cook College.

The Station is known throughout the world as the home of both streptomycin and the Rutgers tomato, among many other significant developments.

Selman Waksman, a soil scientist who discovered the antibiotic, was awarded a Nobel Prize in Medicine for his significant contribution.

In New Jersey, the names of Lipman, Martin, Blake, Bartlett, Perry, Heukelekian, Nissley, Schermerhorn, Bear, Thompson and Beaudette are frequently heard. These were among the "Jersey Giants" of Rutgers' research and Extension, who helped to im-

prove the quality of life for all New Jerseyans.

Over the past 100 years, the New Jersey Agricultural Experiment Station has responded to the needs of both the farmer and the consumer. Its mission—a century ago and today—is to conduct research and disseminate the results to those who can apply them to practical situations. Science and technology, put to the service of the public, are nowhere more evident than in agriculture. Efficiencies in food production have primarily benefitted the consumer with a greater variety of safe, nutritious foods and at relatively reduced costs.

Substations at New Brunswick, Centerton, Adelphia, Cream Ridge, Oswego and Bivalve are sites for a broad range of research projects, including field crops, vegetables, fruit and agriculture. Recently, this Station has been designated by the U.S.D.A. as the national center for blueberry and cranberry research.

The major concerns of our current work include the design of new ways to dispose of municipal wastes, new ways to control insects, new ways to make fuel and conserve energy, new ways to upgrade human nutrition, new ways to adapt to our changing environment.

As we embark on our 2nd century of service and discovery, we take this opportunity to thank the many cooperators, without whom much of the research would remain at the laboratory bench—untried in the field.

Publicly-supported research is an investment, not an expenditure. There is much to be done in the development of new and improved varieties of fruits, vegetables, ornamentals and turf—in post harvest food technology—in land use—in environmental sciences—in integrated pest management—in marine advisory service.

The Cooperative Extension Service conducts programs with resident county faculties of specialists in agriculture, resource management, consumer and home economics, and 4-H youth development. Educational assistance is available to all citizens, merely for the asking.

With public support and understanding, the New Jersey Agricultural Experiment Station will be contributing to the quality of life for the next 100 years for all those fortunate enough to live in what we trust will always remain "the Garden State."

Mr. Speaker, the story of the New Jersey Agricultural Experiment Station is the story of America. This prestigious scientific research and development service organization has borne the wonders of achievements of such "Jersey giants" as the Honorable George Hammell Cook, Jacob G. Lipman, Selman A. Waksman, Julius Nelson, and John D. Smith and others whose scientific research and inventive genius are of national and international renown—a great bulwark in strengthening our Nation's search for relevant new agricultural technologies and a major element in the record of achievements of America's agriculture which has attained preeminence, second to none, among all nations throughout the world.

Mr. Speaker, I appreciate the opportunity to look through the hourglass with our Passaic County Board of Agriculture at the New Jersey Agricultural Experiment Station during the past 100 years and reflect upon the great pride we all feel with the vast range of accomplishments and advanced technology they have achieved during a century of commitment to the agricultural needs of our people which have truly enriched our community, State, and Nation. We do indeed salute the administrators, faculty, and staff at Cook College, Rutgers the State University, as they celebrate the centennial anniversary of the New Jersey Agricultural Experiment Station.●

THE LEADERSHIP OF GOV. AL QUIE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. FRENZEL. Mr. Speaker, I am frequently asked by colleagues who knew Al Quie while he served with us, how he is doing as Governor of Minnesota.

The following memorandum from Governor Quie to his cabinet officers after his first year in office tells more about how he is doing than any report I could give. He is still the thoughtful, straightforward Al Quie we remember.

Incidentally, recent polls indicate that he is very popular with the people of Minnesota.

STATE OF MINNESOTA,
OFFICE OF THE GOVERNOR,
St. Paul, Minn., October, 1979.

PHILOSOPHY AND PRIORITY ISSUES TO GUIDE THE ADMINISTRATION

A Governor has the responsibility to explain where his administration is heading, why, and how he intends to lead it there.

Government is to serve the people. I was elected to represent all the people of Minnesota because, in large part, of the philosophy of government and specific issues reflected in the following paragraphs.

This document reflects the input of many, and should now be used as a major reference in the development of our daily work.

With common goals, the Administration will be able to handle the unexpected as well as the routine with greater effectiveness. State employees generally will feel a greater part of our team effort.

These statements of philosophy and priority issues should be widely shared throughout the State for three good reasons:

1. Taxpayers have the right to know how we intend to function as the trustees of their tax dollars.

2. People will be encouraged to join with us in the pursuit of our goals.

3. Feedback over time will allow us to refine these statements and more accurately reflect the needs of the people we serve.

THIS PHILOSOPHY WILL GUIDE OUR DECISIONS

1. Justice is a major goal of government . . . (i.e., we seek to be fair, ready to protect the rights of others, willing to be a mediator when competing interests endanger the common good).

2. When government action is necessary, it should be taken by the level of government that is closest to the people and best suited to handle the responsibility.

3. When people are given adequate information, they make wise decisions . . . (too often government imposes itself as "the first response" rather than as "a last resort").

4. Progress that is lasting more often comes through the reconciliation of differences than the premature imposition of government mandates.

5. History documents the fact that the basic social unit in a healthy society is a strong family.

6. Increased population and technology have required government to play an increasing role in balancing human needs and desires with the preservation of our natural environment.

7. A society should be graded on how well it treats those least able to help themselves . . . (the government role must be carried out with great sensitivity, not sapping people's identity and self-respect by doing what they could be helped to do for themselves).

8. Government should view people as individuals to be served . . . (and resist the attitude of grouping people into categories of "problems to be solved").

9. A strong sense of community results in more people accepting responsibility, for themselves and their neighbors.

10. The future is less something to forecast than something to shape for the better.

THESE CHARACTERISTICS SHOULD REFLECT OUR STYLE

1. We seek to be thoughtful . . . analytical . . . responsive.

2. Decision-making will be an open process . . . carried out within a framework based on sound long-range planning . . . involving early the people who will be most affected.

3. We are interested in the underlying spirit of human beings . . . the intangibles as well as the visible.

4. Bi-partisan cooperation will be encouraged . . . keeping political partisanship in its proper perspective . . . yet recognizing the responsibility of political leadership to develop and promote ideas.

5. We accept the views of others . . . always open to those with experience and wisdom different from our own.

6. We seek new partnerships with other public and non-government sectors for the public good.

7. Questions like "Why are we doing this in that way?" are welcomed to prevent bureaucratic "systems" from being the end rather than the means.

8. We will not over-promise . . . and we ask everyone to keep a sane estimate of government's ability to solve human problems.

9. New conditions and problems should encourage us to reevaluate the structure and process of government, not to become defensive about the way we do things today.

10. Inter-agency cooperation and coordination are necessary, since few of our biggest challenges fall neatly within the boxes of an organization chart.

These are the standards by which we and others will measure our success. I believe they reflect what people want to see demonstrated by government leaders.

My confidence in and respect for State employees are high. As we motivate and encourage one another to reach the ideals outlined above, Minnesota citizens will renew their trust in State government. This is our challenge . . . and we are ready to take it on!

THE PRIORITY ISSUES

The "what" of our administration plan is outlined in eight major issues we must address. These issues were determined after a great deal of input, especially that from the two-day department and agency head workshop in July.

The multitude of suggestions was encouraging—we identified well over 150 issues or problems to be addressed and we achieved considerable consensus on the general areas calling out for our best efforts. Later, I solicited advice from numerous non-government sources.

The problem we face is narrowing down the dozens of sub-issues ("specific examples") under each general issue to identify which should receive "priority" status.

What follows is a combination of the cabinet recommendations, other input and my own sense of priorities. Five considerations should be kept in mind as you review these:

(a) The list does not reflect all that State government is or will be doing during this administration.

(b) Issues are not listed in priority order.

(c) Resolution of these issues will not come easy; will not be achieved overnight; and will depend on more than State government alone.

(d) The list will be discussed regularly at cabinet meetings and other forums and, thus, open to modification.

(e) I expect to see in your own work plans specific objectives which address the priority issues related to your responsibilities.

PRIORITY ISSUES FOR SPECIAL ATTENTION BY EXECUTIVE BRANCH

1. Energy problems require more comprehensive, realistic and well-understood policies that address both supply and demand as well as the human problems stemming from increased costs. Specific examples:

(a) Need more public information programs and incentives designed to increase energy conservation.

(b) Need an emergency assistance program for persons affected most adversely by high heating costs and spot shortages.

(c) Need additional incentives for efficient and effective alternative energy sources.

(d) Need better analysis of energy impact on state economy and people's lifestyles and the translation of findings into specific State actions.

2. State environmental and natural resource policies need to be clarified; implementation made less cumbersome; and a better balance achieved among the economic, environmental, recreational and energy needs of people. Specific examples:

(a) Need to increase the coordination, speed and certainty of the environmental regulation process.

(b) Need to reassess policies and procedures for public acquisition of private land.

(c) Need to plan for solid and hazardous waste disposal and resource recovery.

(d) Need to involve local government and citizens in achieving better management of the State's natural resources.

3. Human services must be coordinated to eliminate duplication and unproductive competition; organized to allow comprehensive analysis of human needs; and delivered in a way that maintains self-respect and considers family relationships. Specific examples:

(a) Need to clarify intergovernmental roles (the "who does what") of federal, state, local and private sector human service agencies in each area of need.

(b) Need to reduce extensive, often duplicative, reporting and record-keeping requirements that are limiting direct services to clients and demoralizing workers in human service agencies, both public and private.

(c) Need cooperative systems that allow human services to be delivered as direct and as close to those in need as possible.

(d) Need to discover preventive and rehabilitative programs for chemical dependency that are more effective for youth and adults.

4. Quality education needs to be encouraged and equitably financed during an era of declining enrollment and fiscal constraints. Specific examples:

(a) Need strategy to increase achievement levels of students.

(b) Need to plan further adjustments for expected 26-28% reduction of statewide public postsecondary enrollments between 1980 and 1995.

(c) Need to help already small elementary/secondary districts adjust to a continuing loss of students.

(d) Need new financing formulas that treat all educational institutions fairly during the next decade of enrollment drops and expected inflationary pressures.

5. Economic and community development needs to be enhanced through better planning and coordination of available resources from various levels of government and the private sector. Specific examples:

(a) Need method to plan and coordinate public and private investments in major new development projects.

(b) Need long-range program to deal with economically underdeveloped areas within the State, especially those with declining population.

(c) Need financial and tax policies to expand jobs in Minnesota.

(d) Need better system for the collection, analysis and dissemination of economic data for use by the public and the private sectors.

6. Government must be better organized and managed to respond to people's needs in a more sensitive and timely fashion, and in a manner that protects individual options, encourages effective participation and contributes to public confidence. Specific examples:

(a) People need better information about government actions/programs.

(b) Need to speed up and simplify processing of citizens' services.

(c) Laws and rules need more flexibility to respect unique personal and community situations.

(d) Government managers need more discretionary authority and performance incentives to lead their agencies toward the solution of major problems.

7. Minnesota's transportation systems must be planned, managed and financed to maximize limited funds; support economic development plans; reflect future energy constraints; and mesh with local and regional transportation plans and programs. Specific examples:

(a) Need stable financing programs for the maintenance to existing transportation systems.

(b) Need a coordinated investment strategy for developing new transportation systems.

(c) Minnesota citizens need to be involved in and know early of the State's plans for transportation in order to improve their own personal and economic decisions.

(d) Need to reassess regulatory policies to promote competition within transportation.

8. Government must evaluate the way it obtains and distributes financial resources to provide public services in an era characterized by changing needs and fiscal constraints. Specific examples:

(a) Need a contingency plan of action if biennial spending plans should exceed available revenues.

(b) Local aids formula changes need to be evaluated and related to 1980 census.

(c) State government needs to fund its fair share of the costs of State mandates for local government action.

(d) Need review of the philosophy of State revenue policies, followed by the elimination of inconsistencies and inequities in tax laws and rules.

Note on priority issues: Short statements do not allow the clarity or detail we will need to develop as we move along. But the public will now understand much more clearly the agenda we are pursuing.

AGENCY WORK PLAN SUMMARIES

To move us from words to action, I have requested from each agency a summary of this fiscal year's work plan. I will review the specific objectives, and the means by which we can measure our achievement of them, for over thirty separate agencies. I expect to see the above philosophy, characteristics of style, and major administration priorities reflected in these work plans.

CLOSING NOTE

As Lieutenant Governor Lou Wangberg observed at one of our meetings, we have the privilege of providing leadership to Minnesota's State government for only a brief speck of time in the course of history. Let's make the most of it. The work is as hard as any we will ever do. But the rewards can be even greater.

Thanks for being a part of my team! ●

HUMAN CAPITAL FORMATION

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. KEMP. Mr. Speaker, the rapid decline in our national savings, investment, and productivity rates has concentrated Congress mind on the problem of capital formation. We have now reduced the capital gains tax rate. We have voted to repeal the carryover basis rule, and may soon exempt the first $100 of personal savings from the income tax. More than 250 Members of this House have cosponsored the Capital Cost Recovery Act, which would adjust capital depreciation schedules for inflation. I strongly support all these measures—indeed, I would go even further to restore incentives for savings and investment.

All the same, we are in danger of defining "capital" too narrowly. For capital means far more than just computers, or trucks, or new factories. Human beings possess great capital as well. They produce ideas. They invent and create. Until an individual sees how to use a tool, that piece of physical capital is worthless. And unlike physical capital, which is made of finite resources, human—or if you will metaphysical—capital is infinite.

But human capital formation, like physical capital formation, can be stifled by a repressive tax policy. Individuals work, create, and innovate for reward. Yet our steeply progressive marginal income tax rates, and the inflation that pushes people into higher and higher tax brackets, have fundamentally undermined the incentives for human capital formation by expanding the wedge between an individual's effort and his or her reward.

In a January 10, 1980, article for the Boston Herald American, Warren Brookes points up the extraordinary significance of human capital formation to continued economic growth. I commend this excellent article to my colleagues' attention:

MASSACHUSETTS ECONOMY IN THE 1980's: CAN WE JOIN THE GROWTH BELT?

(By Warren Brookes)

Twenty five years ago, a company we worked for installed a computer to handle payroll and billings. It cost $150,000 a year in rentals—took up 900 square feet in floor space and required eight full-time people just to keep it going.

Today, a Massachusetts company produces a computer that sells for less than $22,000; does up to four times as much work; is about the size of a small desk, and requires only one person to operate.

Ten years ago, an electronic desk calculator cost $280, and weighed nearly 20 pounds. Today, you can buy a hand calculator that does the same work quicker, for less than $20, and weighs only four ounces.

These two modest examples help to explain why most economists now spell America's economic future in two words: high technology.

Despite the fact that America's automobile and steel industries are steadily losing out to imports; despite the destruction of American textiles and leathers by Taiwan, South Korea, and Spain, and despite slowing productivity, compared to the rest of the free world, U.S. manufacturing exports are actually soaring, and our economy is now providing work for the highest percentage of our population in history.

The single most important reason for this is the boom, both domestically and internationally, in the products of American high technology, from computers to communications, and the reason for this boom is that they offer positive solutions to our most pressing economic problems:

Inflation—real costs of most high-technology products are actually declining, steadily.

Productivity—high technology products are fundamental to increasing it.

Energy use—most high-technology products require very low inputs of energy to produce them, and are intimately associated with energy conservation.

Environment: Most high technology industries are "non-invasive," that is, they do not pollute, and they make heavy use of plentiful resources.

Capital Costs: Most of all, high technology industries are not "capital intensive," but labor intensive, requiring, on average, about half the level of capital formation (plant and equipment) per worker as heavy durable goods, industries like autos and steel.

Indeed, the glory of the high technology boom is that the real capital for these industries is not in factories and machines, but creative and inventive people, and in their ideas.

As Buckminster Fuller has pointed out, while the physical components of our wealth (energy, material resources, etc.) are finite, the metaphysical components (ideas, invention, imagination, creativity, etc.) are infinite.

Thus the whole future of our country, with its narrowing base of material resources, lies in building up our "metaphysical capital" through high technology, and the sponsorship of the invention, it implies. And this "capital" is not machines, but motivated and educated people.

As a recent study by Technical Marketing Associates of Concord, Mass. shows, each senior engineer generates 12 direct jobs at lower levels, in the industry—and another 18 jobs in related service enterprises.

Thus one $40,000-a-year senior engineer "creates" 30 other lesser jobs, at a "capital cost" that is miniscule, compared to building steel plants or textile mills—and at profit margins that would make the oil companies blush! (22-30 percent on equity.)

This is why high technology companies with their mind-boggling breakthroughs on costs, and soaring 20-40 percent growth rates, have the potential to accelerate U.S. economic growth, and employment, even as our traditional heavy industries falter.

If you don't believe this, consider the case of Massachusetts, where the state's basic industries (textiles, leather goods), have continued to decline, and where the state's capital formation has actually fallen (since 1970), from 2 percent of the nation, to only 1.3 percent, a calamitous drop.

In spite of this, during the past five years (1974-1979) Massachusetts' total manufacturing job growth has outstripped that of the nation, as a whole, 4.2 percent to 3.7 percent.

The sole reason for this has been the state's booming high technology industry, which has created, during that same period, some 52,000 new manufacturing jobs, and a grand total of 130,000 new jobs (including related service jobs). (See table 1)

Yet, in that same period, the state's total manufacturing job total increased only 35,500, which means that the rest of Massachusetts industry actually lost a net of about 17,000 jobs.

And, in the same period, the total increase in all state jobs was only 197,500, which means that high technology alone has accounted for 66 percent of all of the new jobs of the state over the past five years.

If you don't believe this, consider the record over the 20 years of Massachusetts job development:

1958-1978 MANUFACTURING JOB GROWTH

	Percent
High technology	+98
Textiles and leather	−44
All other	−5
Total manufacturing	−3

It is safe to say that the only thing that has saved this state from economic disaster has been the extraordinary growth of the state's 60 or so high-tech companies, especially since 1973.

It is also safe to say that the future of state's economy lies entirely in their hands.

As Table II shows, the industry is now in a position to add from 64,000 to 122,000 in direct new manufacturing jobs in this sector; and, since every high-tech direct job implies another 1.5 service-related jobs, this means a potential of from 154,000 to 300,000 new jobs by 1983. That's fully 60-80 percent of the state's future job growth from companies that are already here.

This is what makes Governor King's "social contract" with the Massachusetts High Technology Council (MHTC) so very important. If the two parties live up to its terms, by 1983 Massachusetts will have fully emerged from its long dark night of economic decline, and joined the "Growth Belt," in performance, if not in location.

Unfortunately, there are two very significant-related problems standing in the way: A serious labor shortage for this industry, and the state's high-tax burden.

It may come as a shock to many residents of this state, that at a time when our welfare payments are approaching $2 billion a year, the most serious impediment to high-tech expansion is the growing shortage of trained and willing workers.

At a time when advertisements are producing record-breaking sales of its products (computers, calculators, etc.), the help-wanted advertising sections in the back are bringing disappointing results, at all levels from clerks and production workers, to technicans and engineers.

Over the next 5 years, this industry is going to have to have from 19,000 to 37,000 new engineers, from 7000 to 12,000 new technicians, from 8500 to 18,000 new clerical people, and from 30,000 to 55,000 new production workers.

In tomorrow's column we shall show precisely how Massachusetts' high tax burden is making it almost impossible for high tech companies to compete for the most important "capital" of all, trained professional engineers.●

TABLE 1.—MASSACHUSETTS JOB GROWTH 1974–79

	July 1974	July 1979	New jobs
Nonagricultural employment	2,374,000	2,572,300	197,500
Manufacturing jobs	629,100	664,600	35,500
High technology: [1]			
Direct	122,100	174,300	52,000
Indirect	183,200	261,500	78,300
Total	305,300	435,800	130,500

[1] Percent of new jobs generated by high technology industry: 66 percent.

Note.—Based on TMA estimate 1.5 "service" jobs are created by every high technical job.

Source: DES.

TAX EXEMPTION FOR THE SMALL SAVER

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. DASCHLE. Mr. Speaker, tomorrow I will be testifying before the Ways and Means Committee on the subject of tax incentives for savings. I would like to insert the text of my testimony in the CONGRESSIONAL RECORD:

TESTIMONY OF CONGRESSMAN TOM DASCHLE

Mr. Chairman, and members of the committee, I appreciate having the opportunity to be here today to testify on the subject of tax incentives for savings. Without question, this is an issue that must be addressed and I commend the committee for holding hearings in this area. I also commend the chairman for recommending that the Bentsen amendment be approved with the windfall profits tax. This amendment will allow a $201 exemption for individuals and a $400 exemption for couples in interest and dividend income. Statistics show that 83 percent of the families who have deposits in savings and loan institutions also have incomes below $25,000. Furthermore, 25 percent of the total income of persons 65 and older is derived from interest income. Thus, endorsement of the Bentsen interest and dividend exemption amendment will help those who need it most; the poor, middle class, and elderly. Although this is certainly a step in the right direction, I am advocating for legislation which calls for a $1,000 exemption which I will address further towards the end of my testimony.

There is no doubt that the low level of savings by American citizens is exacerbating the current economic problems our country is facing. The rate of savings as a proportion of disposable income in the United States according to the Wall Street Journal is a meager 4.5 percent as compared to 14 percent in Germany and over 20 percent in Japan. One must ask why is this so? A large part of the answer is that both the Japanese and German governments provide more incentives to private saving than the U.S. Government. The Deutsch Bundesbank stimulates savings through such techniques as cash bonuses for workers who save. Japan too encourages savings through bonuses as well as tax exemptions for funds

saved through employee savings plans. But in the United States it is different. Interest income generated through savings are not only taxed, but the interest rate is held artificially low as prescribed by Regulation Q. When this already unfavorable savings climate is coupled with the ravaging effects of inflation, the net effect is a loss in purchasing power for any consumer foolish enough to save at the present time. There are four major problems that result from the present disincentive to save and they are for the most part interrelated.

One is that attempts to fight inflation are complicated. This occurs when consumers frantically rush to buy products which they correctly assume will only cost more in the future (diesel and other fuel savings automobiles for example), which in turn creates fierce competition for scarce resources among business and industry. This fact is borne out by credit card companies who report that credit buying is presently at an all time high.

Secondly, low savings rates decrease industrial ability to raise capital. The unavailability of cash in lending institutions forces companies to sell stock to raise money for capital improvements, instead of going through the lending company which is generally perceived as easier and more reliable.

This in turn affects productivity. As industry finds it more difficult to obtain cash maintenance schedules become neglected and plant improvements postponded or cancelled. This problem could become especially acute in South Dakota and other rural areas as banks simply do not have the available cash to finance equipment and supplies for farm and ranch operations. Farmers and ranchers cannot sell stock, and thus are forced to obtain cash from lending institutions. This nation can ill afford its agriculture sector losing productivity, as our balance of payments attest.

Furthermore, the lack of available capital depresses the housing market as buyers are unable to get loans, again due to the unavailability of cash which forces the Federal government to increase lending totals for the FmHA and VA loan programs. When coupled with a regressive Federal Reserve policy that has pushed home mortgage rates to 14 percent, the short-term outlook remains bleak for prospective home-owners. One also cannot overlook the ripple effect on employment figures, especially in the construction industry and the increased burden on welfare rolls.

There are many approaches that could be made to promote savings. Though it would be nice if we could offer cash bonuses for savings, as the Germans and Japanese, it certainly is not a practical approach considering our current budgetary problems. There is no question in my mind that the best approach is to allow an interest exemption for the inflation ravaged small saver, i.e. the poor and middle class American who is often sacrificed at the expense of special interest groups.

Specifically, H.R. 4761, as introduced by our colleagues Tom Foley and Dan Glickman, would exempt from federal income taxes the first $1,000 in interest income ($2,000 if filed jointly) earned by persons on accounts in which the total cumulative principal does not exceed $10,000. By restricting the applicability of the tax exemption to interest on accounts with less than $10,000 in principal, this bill focuses the tax break where it is most needed, and by targeting the exemption, it assures a minimal loss of revenue to the Treasury of money that would be pulled out of Treasury bonds by people seeking the more lucrative advantages of a tax exemption.

This proposal would increase the amount and quantity of deposits placed in lending institutions which would alleviate inflationary pressures, increase cash availability for capital formation in business and industry, spur the housing market, and in general increase productivity. The expected loss to the Treasury would total $21.7 billion over the next 6 years, averaging approximately $3.6 billion per year. Without question, these losses will complicate the budgetary process and desires to balance the budget, but I feel they would be offset by the gains made in the private sector, signaling to the taxpayer that the government will allow natural market forces to work with a minimum of interdiction from that dreaded beast, the Federal Government.●

TO PROVIDE FOR INVESTMENT OF CONTRIBUTIONS RECEIVED BY THE AMERICAN BATTLE MONUMENTS COMMISSION

HON. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. MONTGOMERY. Mr. Speaker, today I am introducing a bill, H.R. 6356, which will eliminate what I consider to be an absurdity in the law regarding moneys deposited with the American Battle Monuments Commission for flowers to be placed on the graves of loved ones in American overseas cemeteries.

Presently, moneys deposited with the American Battle Monuments Commission do not draw any interest. The law simply requires that funds given to the American Battle Monuments Commission to purchase flowers for graves be deposited with the Treasurer of the United States. The law does not state that the funds be invested in interest-bearing Government securities. Therefore, the Department of the Treasury is not authorized to do so, unless the law is changed.

The gentlelady from New Jersey (Mrs. FENWICK), has brought to my attention a situation which dramatically illustrates the necessity to change the law in this regard. A mother of two sons, both of whom were killed during World War II, has given moneys to the American Battle Monuments Commission so that flowers will be placed on the graves of her sons at specific times of the year. Because the deposits have not drawn any interest, such moneys will soon be exhausted. This would not be the case had the moneys been invested in interest-bearing U.S. notes or bonds.

As Mrs. FENWICK stated in her letter to me:

It seems incredible to me that the American Battle Monuments Commission does not invest these deposits (to the American Battle Monuments Commission so that flowers would be placed on the graves of her sons) into a perpetual account which would collect interest. Certainly this money can be invested in U.S. Government securities or some fund which would provide for the perpetual care the relatives of deceased servicemen desire for their loved ones.

I agree. That is why I am introducing this bill today, to correct a situation which was never intended by Congress.

The text of my bill follows:

H.R. 6356

A bill to provide for the investment of contributions received by the American Battle Monuments Commission

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Act entitled "An Act for the creation of an American Battle Monuments Commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes", approved March 4, 1923 (36 U.S.C. 128), is amended by adding at the end thereof the following new sentence: "Funds received by the Commission and deposited with the Treasurer of the United States pursuant to the preceding sentence shall be invested by the Secretary of the Treasury [in such manner as the Secretary considers appropriate], and the proceeds of such investments shall be credited to the respective accounts from which the principal for such investments was drawn.".●

SOUTH DAKOTA'S DELEGATION TO THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. DASCHLE. Mr. Speaker, based on firsthand reports I have received from members of South Dakota's delegation to the White House Conference on Small Business recently concluded here in the Nation's Capital, I am gratified with the overall success of the conference and the wisdom of the delegates expressed so succinctly in their recommendations.

Eleven industrious South Dakotans were included among the 1,573 participants in the conference, all of whom came here at their own expense, dedicated to the goal of speaking with a unified voice for the interests not only of small business, but the well-being of this Nation. Those South Dakotans are Kay Riordan, Steve Boyer, Roy Nyberg, Bill Dorsey, Earl Chesnik, Chris Roberts, Jack Rentschler, Beverly Bruce, Laurie Reiners, Tom Aman, and Ted Thoms.

From the regionally determined 12 subject area workshops at the conference came 15 priority recommendations which I am attaching for the information of my colleagues.

These recommendations will be examined in detail by the President, the Congress, and most definitely, by my office.

PRIORITY RECOMMENDATIONS OF WHITE HOUSE CONFERENCE ON SMALL BUSINESS

1. Replace the present corporate and individual income tax schedules with more graduated rate scales, specifying the graduated corporate tax scale up to $500,000.

2. Adopt a simplified accelerated capital cost recovery system to replace the present complex Asset Depreciation Range (ADR) regulations, with provisions such as (A) im-

mediately expensing capital costs less than a specified amount, (B) immediately expensing governments mandated capital costs, and (C) the creation of a maximum annual benefit that may be derived from the system.

3. Balance the Federal Budget by statute in Fiscal Year 1981 by limiting total Federal spending to a percentage of the GNP, commencing with 20 percent and declining to 15 percent.

4. Revise estate tax laws to ease the tax burden on family-owned businesses and encourage the continuity of family ownership.

5. Congress shall exercise its oversight function with the assistance of the General Accounting Office, instituting sunset reviews of all laws, regulations, and agencies, to ensure that none exceeds original congressional intent. Sunset reviews, in an appropriate time frame (not less than every five years) should include economic impact analysis and proposed agency budget reductions, leading to re-enactment of each agency's enabling legislation to permit its continued existence, or to reduce its size and cost.

(A) Establish a Regulatory Review Board composed of representatives from the Executive Branch, Congress and small business owners, with responsibility for impact statements and cost controls.

(B) Congress shall exercise line-item veto over regulations within a specified time through congressional oversight committees, with one-house floor vote.

6. Support and urge passage of S. 1860, the Small Business Innovation Act of 1979, and companion bill H.R. 5607, as presently drafted with flexibility for minor future amendments, covering: small business research and development set-asides; small business innovation and research programs (as already encompassed by H.R. 5126 and S. 1074); patents retention; amendments to the Internal Revenue Code; and regulatory flexibility.

7. Provide for a tax credit for initial investment in a small business, and permit deferral of taxes for roll-overs of investments affecting small business.

8. Reform the Social Security System by including, where constitutionally possible, all public and private sector employees as contributors and more closely tie benefits to contributions to move the system toward actuarial soundness. Limit benefits to the original old-age and survivors benefits. Freeze the tax base and tax rate at the January 1980 level. Eliminate double dipping.

9. Provide tax incentives in the form of a new security called a Small Business Participating Debenture (SBPD) to provide a source of capital for small businesses.

10. The Office of Advocacy must be maintained, reinforced and expanded so that activity be not less than 5 percent of the SBA salary and expense budget. The legislative mission of Advocacy must be considered the number one priority of SBA and the Office of Advocacy. The independence of that function of the Office of Advocacy must be protected so that it may continue to have the confidence of the small business community. SBA's Advocacy budget should be devoted to economic research and analysis, as well as small business advocacy. Small business advocates, under the direct supervision of the SBA Office of Advocacy, shall be assigned to OMB, Federal Reserve Board, Treasury, International Trade Committee and other regulatory agencies.

11. Private lending institutions should be required to provide equal access to commercial credit for women in business. The Federal Reserve Board should establish record keeping requirements for commercial loans to women which will permit effective monitoring of performance under the Equal Credit Opportunity Act. The Small Business Administration should make bank certification available to as many commercial banks and other lenders as possible and establish targets for increasing the dollar volume of loans made to minority-owned and women-owned businesses, as one of the criteria for recertification.

12. Small business should be eligible for magistrate review of agency civil penalties, and reimbursed for court costs, reasonable attorney's fees, and damages from administrative action, if successful in civil disputes with the Federal Government, including IRS.

(A) Such costs and fees to come from the operating budget of the agency.

(B) Magistrates will be appointed and be responsible to the judges in each Federal Judicial District.

(C) With burden of proof on the agency to defend its action.

13. Revise minimum wage standards by freezing standards at January, 1980 levels and establishing a two-tier minimum wage by exempting teenagers, seasonal workers and part-time workers.

14. The President, by Executive Order, and Congress, by legislation, shall establish mandatory goals for all Federal procurements and Federal funds or grants to states, localities, and public and private institutions, on a contract-by-contract or agency-wide basis for small businesses (35 percent); minority-owned (Black, Hispanic, Native American, Asian Pacific American, and other racial minorities) businesses (15 percent); and women in business (10 percent).

15. Require that all government agencies which develop fiscal, monetary, legislative and regulatory policies/practices shall submit small business "economic impact" statements that require the regulatory agencies to identify the anticipated benefits and to justify the costs of Federal regulatory requirements to small business. In addition, all regulatory policies shall be subject to sunset provisions to be reviewed every 5 years in order to insure that only cost effective regulations shall be maintained and retained in the future.●

STATEMENT ON VETERANS' HEARING

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 30, 1980

● Mr. BEDELL. Mr. Speaker, on December 17 I held an informal hearing in Sioux City on veterans issues for veterans in my district. In addition to the wide attendance by veterans, this hearing was also attended by Representative BOB EDGAR, who serves on the Veterans' Affairs Committee, and representatives from the National and Des Moines Veterans' Administrations. Because this meeting highlighted many of the pressing veterans issues of the day it was of great benefit to those who participated. I would like to submit the testimony that was received at this hearing so my colleagues in Congress can also benefit from the comments of veterans in my district.

Following, in the second of a series of testimony I will be submitting to the RECORD this week, is the statement of Mr. Larry J. Jatho. Mr. Jatho is the supervisor of the Disabled American Veterans National Service Office in Des Moines.

The statement follows:

STATEMENT OF MR. LARRY J. JATHO

Mr. Chairman and members of the committee: On behalf of the 5,900 members of the Disabled American Veterans, Department of Iowa, I wish to thank you for your invitation to appear here today to exchange ideas on issues that affect veterans.

I am Larry J. Jatho, Supervisor of the DAV National Service Office in Des Moines, Iowa. I have served in the capacity of representing veterans, dependents and survivors in their claims before the Veterans Administration for the past six years.

Mr. Chairman, I would like to address the issue of VA health care provided veterans in terms of two surveys completed by the DAV. Attached you will find copies of these survey questionnaries. Permit me to address some of these findings.

Results show throughout the country increasing number of veterans, especially needy, non service connected veterans, being limited in or deprived of their medical care benefits and services, both in the inpatient and outpatient categories; morale of the VA's Department of Medicine and Surgery (DM&S) personnel, especially those involved in direct patient care, being at an all time low and dropping; increasing numbers of VA hospital beds, medical wards and specialized services being shut down or not "brought on line" due to stagnant levels of funding and DM&S personnel shortages. Another result is backlogs in compensation and pension examinations, adversely affecting the claims process in the VA's Department of Veterans Benefits. Since I've mentioned D.V.B. I would like to mention briefly what is happening right now at the Des Moines Regional Office. Hiring freezes have been imposed, no overtime can be used and to top things off, within a year 10 staff reductions must be made.

Mr. Chairman, I do want to convey to you that we feel all directors of the VA Medical Centers and the Director of the Regional Office here in Iowa are making very efficient use of available resources; but, what do you think will happen to VA facilities if the trend to cut personnel and resources is allowed to continue?

I do understand the severe fiscal restraint that has been placed upon all federal agencies and departments. However, spending in the area of veterans programs over the past 15 years has declined in terms of the percentage of the federal budget from a high of 5.6 percent then to 4.0 percent of all spending today. The funds appropriated to the VA have assisted millions of veterans and their families and, in terms of breakthroughs in research, have benefited all Americans. Still, for many veterans, the VA remains their only source of health care and income. For others, like myself we simply hope that system will be in order when we need it. What is needed here in Iowa is simply the funds and staffing in proportion so the VA system may return to the status it once enjoyed—that is, second to none.

With your permission, Mr. Chairman, I would like at this point to just highlight some of the more important legislative objectives that our organization will be pursuing in the upcoming 2nd Session of the 96th Congress. They are:

To provide a ten-year protection period for service connected disability evaluations: The DAV believes that service connected

veterans in this category should at least be provided some measure of extra protection against reduction in benefits after a rating has been continuously in effect for ten years.

Liberalization of automotive adaptive equipment for certain veterans:

This mandate is sought as the result of a DAV survey which shows that most states require or restrict a veteran to use of specific adaptive equipment for the handicapped.

Increased dependency allowances for service connected veterans:

The DAV seeks a two-year phase-in of this benefit which would essentially equalize such payments for service connected veterans with similar benefits provided to non service connected veterans under the pension program.

Supporting a change in the effective date for reduction in VA benefits:

This change would allow the veteran 120 days instead of the current 60 days to adjust their standard of living. This change is called for in light of the time involved in processing appellant cases.

To increase the face value of national service life insurance to $20,000;

For those currently holding $10,000 NSLI policies an additional $10,000 could be purchased. Veterans currently on waiver of premiums would be eligible to purchase the additional insurance, however, a waiver of premiums would not be available.

We do have other legislative objectives but the last I am going to mention is:

To eliminate medical feasibility examinations under the VA specially adapted housing program:

The DAV finds that such examinations are essentially unnecessary. Evidence from an eligible veteran's claims folder is sufficient to grant the SAH benefits sought. Further, our investigation reveals that claims denied based upon medical feasibility are routinely overturned by the BVA. Elimination of such examinations would result also in some cost savings, both in examination expenses and costs of needless appeals.

This concludes my statement, Mr. Chairman, and I again wish to thank you for giving us this opportunity to express our views on these very important subjects.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, January 31, 1980, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

FEBRUARY 1

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Health Services Administration.
S-128, Capitol

Banking, Housing, and Urban Affairs
Economic Stabilization Subcommittee
To hold oversight hearings on the impact of high interest rates on inflatic.
5302 Dirksen Building

Environment and Public Works
To resume hearings on S. 2080, proposed Public Buildings Act.
4200 Dirksen Building

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To resume joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances being released into the environment.
1318 Dirksen Building

Joint Economic
To hold hearings on the employment-unemployment situation for January.
457 Russell Building

10:30 a.m.
Joint Economic
To continue hearings on the state of the U.S. economy.
457 Russell Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold open and closed hearings to review programs administered by the Office of the Secretary of State.
S-146, Capitol

FEBRUARY 4

9:00 a.m.
Armed Services
General Procurement Subcommittee
To resume hearings on the Soviet Union's defense expenditures and programs, and on the defense aspects of export licensing procedures.
1114 Dirksen Building

Environment and Public Works
Resource Protection Subcommittee
To hold hearings on S. 2181, proposed Fish and Wildlife Conservation Act; H.R. 4084, proposed Suisun Marsh Preservation and Restoration Act; H.R. 4887, authorizing funds through fiscal year 1983 for the San Francisco Bay National Wildlife Refuge; H.R. 4889, authorizing funds through fiscal year 1983 for the Great Dismal Swamp National Wildlife Refuge in the States of Virginia and North Carolina; and S. 2115, to establish the Bogue Chitto National Wildlife Refuge in the States of Louisiana and Mississippi.
4200 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Marvin S. Cohen, of Arizona, to be a Member of the Civil Aeronautics Board.
235 Russell Building

Joint Economic
Economic Growth and Stabilization Subcommittee
To hold hearings on the economic impact of the Soviet grain embargo on rail and barge transportation.
5110 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on Amendment No. 398, proposed Monetary Policy Improvement Act to S. 85, and S. 85, 353, and H.R. 7, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, to promote greater equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments systems.
5302 Dirksen Building

Energy and Natural Resources
To review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee, to hear officials from the Department of Energy.
3110 Dirksen Building

2:00 p.m
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Center for Disease Control.
S-128, Capitol

3:30 p.m.
Conferees
On H.R. 5235, to revise the pay provisions of certain medical personnel in the Armed Forces.
S-146, Capitol

FEBRUARY 5

8:30 a.m.
Energy and Natural Resources
To resume closed hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.
S-407, Capitol

9:30 a.m.
Judiciary
Business meeting, to consider pending nominations and legislation.
2228 Dirksen Building

Labor and Human Resources
Employment, Poverty and Migratory Labor Subcommittee
To hold oversight hearings on the activities of the Legal Services Corporation.
4232 Dirksen Building

Select on Small Business
To hold hearings on the impact on communities and small businesses of the decision of the U.S. Steel Corporation to shut down several of its plants.
424 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Institutes of Health.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To review those programs administered by the Office of the Attorney General, Department of Justice.
S-146, Capitol

Banking, Housing, and Urban Affairs
To continue hearings on Amendment No. 398, proposed Monetary Policy Improvement Act to S. 85, and S. 85, 353, and H.R. 7, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, to promote greater equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments systems.
5302 Dirksen Building

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To resume joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

Finance
International Trade Subcommittee
To hold hearings on the following tariff bills: H.R. 2492 and S. 1258, H.R. 2535, 2537, 3046 and S. 1004, H.R. 3317, 3591, 3755, 4309 and S. 1275, H.R. 4738, 6089, S. 1851 and 1852.
2221 Dirksen Building

Select on Indian Affairs
To hold hearings on S. 1998, to provide for certain public lands to be held in trust by the United States for the Tule River Indian Tribe.
5110 Dirksen Building

Joint Economic
To resume hearings on the state of the U.S. economy.
2212 Rayburn Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the National Institutes of Health.
S-128, Capitol

FEBRUARY 6

9:00 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold hearings on S. 1843 and H.R. 2977, proposed Domestic Violence Prevention and Services Act.
6226 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on proposed authorizations for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

Labor and Human Resources
Handicapped Subcommittee
To hold oversight hearings to examine current problems and programs of the hearing impaired, and to explore future technological developments designed to handle their problems.
4232 Dirksen Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the National Institutes of Health.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To review those programs administered by the Office of the Secretary of Commerce.
S-146, Capitol

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To hold hearings on S. 2177, proposed Emergency Home Purchase Assistance Authority Amendments.
5302 Dirksen Building

Energy and Natural Resources
To resume hearings to review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee, to hear officials from the Department of Agriculture.
3110 Dirksen Building

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To continue joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

Governmental Affairs
To resume consideration of S. 262, to require that all Federal agencies conduct a regulatory analysis before issuing regulations and to require the use of less time-consuming procedures to decide cases.
3302 Dirksen Building

Select on Intelligence
To hold a closed business meeting.
S-407, Capitol

Joint Economic
To continue hearings on the state of the U.S. economy.
2212 Rayburn Building

10:30 a.m.
Finance
Public Assistance Subcommittee
To hold hearings to examine the problems which welfare reform legislation should address.
2221 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the National Institutes of Health.
S-128, Capitol

FEBRUARY 7

8:30 a.m.
Energy and Natural Resources
To resume closed hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.
S-407, Capitol

9:30 a.m.
Commerce, Science, and Transportation
To continue hearings on proposed authorizations for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

Judiciary
To resume hearings on S. 680, proposed Citizens' Right to Standing in Federal Courts Act.
2228 Dirksen Building

Judiciary
Criminal Justice Subcommittee
To hold hearings on S. 1482, to set forth certain pretrial, trial and appellate procedures for criminal cases involving classified information.
357 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Alcohol, Drug Abuse and Mental Health Administration.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Judiciary
S-146, Capitol

Banking, Housing, and Urban Affairs
To resume oversight hearings on the New York City federal loan guarantee program.
5302 Dirksen Building

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To Continue joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

Finance
Public Assistance Subcommittee
To continue hearings to examine the problems which welfare reform legislation should address.
2221 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To resume hearings on S. 742, proposed Nuclear Waste Management Reorganization Act.
3302 Dirksen Building

Joint Economic
To continue hearings on the state of the U.S. economy.
2257 Rayburn Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Health Resources Administration.
S-128, Capitol

Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings on S. 1521, proposed Nuclear Waste Regulation Act, and to begin hearings on S. 1360, to establish a workable framework for Federal/State cooperation in the planning, siting, development, construction and operation of nuclear waste storage and disposal facilities.
4200 Dirksen Building

FEBRUARY 8

10:00 a.m.
Banking, Housing and Urban Affairs
Consumer Affairs Subcommittee
To resume hearings on S. 1928, proposed Fair Financial Information Practices Act, and S. 1929, proposed Privacy of Electronic Fund Transfers Act.
5302 Dirksen Building

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To continue joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

10:30 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of the Assistant Secretary for Health, Scientific Activities Overseas, and Retirement Pay for Commissioned Officers.
S-128, Capitol

FEBRUARY 13

10:00 a.m.
Energy and Natural Resources
To resume hearings to review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee, to hear officials from the Department of the Interior.
3110 Dirksen Building

FEBRUARY 18

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To review those programs administered by the Department of Education.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Communications Commission.
S-146, Capitol

FEBRUARY 19

8:30 a.m.
Energy and Natural Resources
To resume closed hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.
S-407, Capitol

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for Elementary and Secondary Education and Impact Aid programs.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Arms Control and Disarmament Agency, Commission on Civil Rights, Equal Employment Opportunity Commission, and the Legal Services Corporation.
S-146, Capitol

Banking, Housing, and Urban Affairs
To hold hearings on proposed legislation to renew the Home Mortgage Disclosure Act.
3302 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To resume hearings on S. 1938, proposed Federal Radiation Protection Management Act.
3302 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Emergency School Aid, and Libraries and Learning Resources.
S-128, Capitol

Technology Assessment Board
Business meeting on pending Board business.
EF-100, Capitol

FEBRUARY 20

9:00 a.m.
Veterans' Affairs
To hold hearings S. 1188, to revise the vocational rehabilitation programs administered by the Veterans' Administration.
412 Russell Building

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Vocational Education, Student Assistance programs, and Student Loan Insurance Fund
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Commission on Security and Cooperation in Europe, International Communications Agency, and the Japan-U.S. Friendship Commission.
S-146, Capitol

Energy and Natural Resources
Business meeting, to consider proposed authorizations for fiscal year 1981 for the Department of Energy, and other pending calendar business.
3110 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 1652, proposed Nutrition Labeling and Information Amendments of 1979 to the Federal Food, Drug, and Cosmetic Act.
4232 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Education for the Handicapped, Rehabilitation Services and Handicapped Research, and Special Institutions.
S-128, Capitol

FEBRUARY 21

8:30 a.m.
Energy and Natural Resources
To resume closed hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.
S-407, Capitol

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

Veterans' Affairs
To hold hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society and finding employment opportunities.
412 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Higher and Continuing Education, Educational Activities Overseas, Higher Education Facilities Loan and Insurance, and College Housing Loans.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Small Business Administration.
S-146, Capitol

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for special projects of the Department of Education.
S-128, Capitol

FEBRUARY 22

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on a proposed amendment to establish standards for developing a cost ratio trigger for burden of proof in rate cases, to S. 1946, to provide railroads with more pricing rate flexibility and contract provisions.
235 Russell Building

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To resume hearings on the U.S. embargo of grain and technology exports to the Soviet Union.
5302 Dirksen Building

FEBRUARY 25

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the conduct of monetary policy.
5302 Dirksen Building

Energy and Natural Resources
To hold hearings on S. 1280, proposed Energy Management Partnership Act.
3110 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To resume hearings on S. 1652, proposed Nutrition Labeling and Information Amendments of 1979 to the Federal Food, Drug, and Cosmetic Act.
4232 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Human Development Services.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the administration of foreign affairs within the Department of State.
S-146, Capitol

FEBRUARY 26

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Health Care Financing Administration.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for inter-

national organizations and conferences within the Department of State.
S-146, Capitol

Banking, Housing, and Urban Affairs
To continue oversight hearings on the conduct of monetary policy.
5302 Dirksen Building

Budget
To resume hearings in preparation for reporting the first concurrent resolution on the fiscal year 1981 congressional budget.
6202 Dirksen Building

Energy and Natural Resources
To continue hearings on S. 1280, proposed Energy Management Partnership Act.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To hold hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide a sound financial base for the future of the Postal Service.
3302 Dirksen Building

Labor and Human Resources
To consider those matters and programs which fall within the committee's jurisdiction with a view to submitting its views and budgetary recommendations to the Committee on the Budget by March 15.
4232 Dirksen Building

Select on Indian Affairs
To hold hearings on S. 2066, to convey certain land in Colorado to the Ute Mountain Ute Indian Tribe.
5110 Dirksen Building

11:00 a.m.
Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1981 from Disabled American Veterans.
318 Russell Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for International Commissions of the Department of State, and the Office of the U.S. Trade Representative.
S-128, Capitol

Budget
To continue closed hearings in preparation for reporting the first concurrent resolution on the fiscal year 1981 congressional budget.
6202 Dirksen Building

FEBRUARY 27

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Social Security Administration.
S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the International Trade Commission, and the Federal Trade Commission.
S-146, Capitol

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To hold oversight hearings to examine the scope of rental housing.
5302 Dirksen Building

Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold hearings on S. 1934, proposed Municipal Solid Waste to Energy Act.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide a sound financial base for the future of the Postal Service.
3302 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Inspector General, Office of Civil Rights, Policy Research, and Departmental Management.
S-128, Capitol

FEBRUARY 28

9:00 a.m.
Veterans' Affairs
To hold hearings on the recruitment and retention qualified health-care professionals to staff the Veterans' Administration health-care facilities.
412 Russell Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Community Services Administration, and the Railroad Retirement Board.
Room S-128, Capitol

Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Board for International Broadcasting, and the Securities and Exchange Commission.
S-146, Capitol

Banking, Housing, and Urban Affairs
Insurance Subcommittee
To hold hearings on proposed authorizations for fiscal year 1981 for the crime and riot-reinsurance program of the Federal Emergency Management Administration.
5302 Dirksen Building

Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To continue hearings on S. 1934, proposed Municipal Solid Waste to Energy Act.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide a sound financial base for the future of the Postal Service.
3302 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Commission on Libraries and Information Services, Corporation for Public Broadcasting, Occupational Safety and Health Review Commission, Mine Safety Review Commission, and the Soldiers' and Airmen's Home.
S-128, Capitol

FEBRUARY 29

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1981 for the National Aeronautics and Space Administration.
235 Russell Building

Labor and Human Resources
Employment, Poverty and Migratory Labor Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for the Legal Services Corporation.
4232 Dirksen Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for domestic programs of ACTION, National Labor Relations Board, Federal Mediation and Conciliation Service, and the National Mediation Board.
S-128, Capitol

Banking, Housing, and Urban Affairs
Insurance Subcommittee
To continue hearings on proposed authorizations for fiscal year 1981 for the crime and riot-re-insurance program of the Federal Emergency Management Administration.
5302 Dirksen Building

MARCH 3

10:00 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on proposed legislation to renew the Home Mortgage Disclosure Act.
5302 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To review those programs administered by the Department of Labor.
S-128, Capitol

MARCH 4

8:00 a.m.
Veterans' Affairs
To resume hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society and finding employment and education opportunities.
412 Russell Building

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To hold oversight hearings on the implementation of the Education for All Handicapped Children Act (P.L. 94-142).
4232 Dirksen Building

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for Public Service Jobs, Special Youth Programs,

the Job Corps, and Jobs for the Elderly.

1223 Dirksen Building

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To hold hearings on proposed legislation authorizing funds through fiscal year 1985 for the Urban Mass Transportation program.

5302 Dirksen Building

Energy and Natural Resources
Business meeting, to resume consideration of proposed authorizations for fiscal year 1981 for the Department of Energy, and other pending calendar business.

3110 Dirksen Building

11:30 a.m.
Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1981 from Veterans of Foreign Wars.

318 Russell Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for General Manpower Training programs, Private Sector Initiatives, State Employment Security Agencies.

1114 Dirksen Building

MARCH 5

10:00 a.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Labor-Management Services Administration, Pension Benefit Guaranty Corporation, Occupational Safety and Health Administration, and the Mine Safety and Health Administration.

1114 Dirksen Building

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To continue hearings on proposed legislation authorizing funds through fiscal year 1985 for the Urban Mass Transportation program.

5302 Dirksen Building

Energy and Natural Resources
Business meeting, to continue consideration of proposed authorizations for fiscal year 1981 for the Department of Energy, and other pending calendar business.

3110 Dirksen Building

2:00 p.m.
Appropriations
Labor-HEW Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Employment Standards Administration, Bureau of Labor Statistics, and President's Committee on Employment of Handicapped.

1114 Dirksen Building

MARCH 6

9:30 a.m.
Veteran's Affairs
Business meeting, to consider those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and to consider recommendations which it will make thereon to the Budget Committee by March 15.

412 Russell Building

10:00 a.m.
Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To continue hearings on proposed legislation authorizing funds through fiscal year 1985 for the Urban Mass Transportation program.

5302 Dirksen Building

Energy and Natural Resources
Business meeting, to continue consideration of proposed authorizations for fiscal year 1981 for the Department of Energy, and other pending calendar business.

3110 Dirksen Building

* Select on Indian Affairs
To hold hearings on S. 1507, to provide for the purchase of certain facilities, lands, and water rights in and around the San Luis Rey River, San Diego, California, to be held in trust for, and operated and maintained by certain boards of Mission Indians.

5110 Dirksen Building

MARCH 7

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To resume hearings on S. 864, 1499, 1663, 1744, bills to facilitate the formation of U.S. export trading companies to expand export participation by smaller U.S. companies.

5302 Dirksen Building

MARCH 10

10:00 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To resume hearings on S. 1928, proposed Fair Financial Information Practices Act, and S. 1929, proposed Privacy of Electronic Fund Transfers Act.

5302 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for general administration and legal activities of the Department of Justice.

S-146, Capitol

MARCH 11

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Bureau of Investigation, Department of Justice.

S-146, Capitol

Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To continue hearings on S. 1928, proposed Fair Financial Information Practices Act, and S. 1929, proposed Privacy of Electronic Fund Transfers Act.

5302 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To hold hearings on S. 1699, proposed Energy Impact Assistance Act.

3302 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 2144, proposed Health Professions Educational Assistance and Nurse Training Act.

4232 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Immigration and Naturalization Service, Department of Justice.

S-146, Capitol

MARCH 12

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Drug Enforcement Administration, Department of Justice.

S-146, Capitol

Banking, Housing, and Urban Affairs
Business, meeting, to consider those matters and programs which fall within the Committee's jurisdiction with a view to submitting its views and budgetary recommendations to the Committee on the Budget by March 15.

5302 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on S. 1699, proposed Energy Impact Assistance Act.

3302 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To continue hearings on S. 2144, proposed Health Professions Educational Assistance and Nurse Training Act.

4232 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Prison System, and Office of Justice Assistance, Research and Statistics, Department of Justice.

S-146, Capitol

MARCH 13

9:00 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold hearings on proposed legislation to establish Commissions on National Youth Service and Volunteerism.

4232 Dirksen Building

MARCH 17

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings on S. 2097, proposed Joint Export Marketing Assistance Act, and on the substance of S. 2040, proposed Small Business Export Expansion Act and S. 2104, proposed Small Business Export Development Act.

5302 Dirksen Building

MARCH 18

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To continue hearings on S. 2097, proposed Joint Export Marketing Assistance Act, and on the substance of S. 2040, proposed Small Business Export Expansion Act and S. 2104, proposed Small Business Export Development Act.

5302 Dirksen Building

MARCH 20

9:00 a.m.
Veterans' Affairs
Business meeting, to consider S. 1188, to revise the vocational rehabilitation programs administered by the Veterans' Administration.
412 Russell Building

MARCH 24

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Bureau of Census, general administration, and economic and statistical analysis, Department of Commerce.
S-146, Capitol

MARCH 25

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Economic Development Administration, and Regional Planning Commissions, Department of Commerce.
S-146, Capitol

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for housing, community development programs and the Urban Development Action Grant of the Department of Housing and Urban Development.
5302 Dirksen Building

MARCH 26

9:00 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
Business meeting, to mark up S. 1843 and H.R. 2977, proposed Domestic Violence Prevention and Services Act; and proposed legislation to establish Commissions on National Youth Service and Volunteerism.
4232 Dirksen Building

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Industry and Trade Administration, Minority Business Development Agency, and the U.S. Travel Service, Department of Commerce.
S-146, Capitol

Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for housing, community development programs and the Urban Development Action Grant of the Department of Housing and Urban Development.
5302 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Oceanic and Atmospheric Administration, Department of Commerce.
S-146, Capitol

MARCH 27

9:30 a.m.
Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1981 from AMVETS, Paralyzed Veterans, Blinded Veterans, W.W.I. Veterans, and Military Order of the Purple Heart.
1202 Dirksen Building

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Patent and Trademark Office, National Telecommunications and Information Administration, and science and technical research, Department of Commerce.
S-146, Capitol

Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To resume hearings on S. 1928, proposed Fair Financial Information Practices Act, and S. 1929, proposed Privacy of Electronic Fund Transfers Act.
5302 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Maritime Administration, Department of Commerce.
S-146, Capitol

MARCH 28

10:00 a.m.
Banking, Housing, and Urban Affairs
Consumer Affairs Subcommittee
To continue hearings on S. 1928, proposed Fair Financial Information Practices Act, and S. 1929, proposed Privacy of Electronic Fund Transfers Act.
5302 Dirksen Building

MARCH 31

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of Commerce.
S-146, Capitol

APRIL 1

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary and Related Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Commerce.
S-146, Capitol
Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1981 for housing, community development programs and the Urban Development Action Grant of the Department of Housing and Urban Development.
5302 Dirksen Building.

APRIL 2

9:30 a.m.
Veterans' Affairs
To resume hearings on the Federal government's efforts to assist Vietnam-era veterans in readjusting to society, and the use of excepted appointments for disabled veterans.
412 Russell Building

10:00 a.m.
Banking, Housing, and Urban Affairs
Housing and Urban Affairs Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for housing, community development programs, and the Urban Development Action Grant of the Department of Housing and Urban Development.
5302 Dirksen Building

APRIL 15

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings on proposed authorizations for fiscal year 1981 for the international affairs programs of the Department of the Treasury; and on proposed legislation to increase the U.S. quota in the International Monetary Fund.
5302 Dirksen Building

APRIL 16

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To continue hearings on proposed authorizations for fiscal year 1981 for the international affairs programs of the Department of the Treasury; and on proposed legislation to increase the U.S. quota in the International Monetary Fund.
5302 Dirksen Building

APRIL 17

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the development of children who benefit from adoption by facilitating their placement in adoptive homes.
4232 Dirksen Building

MAY 1

10:00 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold hearings on issues Congress might consider which would affect youth in the coming decades.
4232 Dirksen Building

MAY 22

9:30 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings to examine issues affecting infant mortality, and preventable birth defects.
4232 Dirksen Building

JUNE 11

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General of the Veterans' Administration.
412 Russell Building